

JAN 22 1945

# CREDIT

**and Financial Management**

*January 1945*

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# Your Receivables



## TEAMWORK PUTS OUT THE FIRE

**T**EAMWORK wins over conflicting efforts. Teamwork is especially valuable when a debtor gets into trouble. Teamwork may save his business — and this is profitable for everyone concerned, creditors as well as debtor.

### FOR 50 YEARS

*the Adjustment Bureaus of the N.A.C.M. have turned back to honest but unfortunate owners many businesses which otherwise would have been liquidated.*

It pays creditors to get together through the Adjustment Bureaus of the National Association of Credit Men. Here is an organization of men skilled in achieving united action — the kind of group effort that puts out fires.

COLLECTION and ADJUSTMENT BUREAUS  
of the  
NATIONAL ASSOCIATION of CREDIT MEN



*Guarding the  
Nation's Profits*

*Bus. Adm.  
Japan*

# CREDIT

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**JANUARY 1945**

## *and Financial Management.*

VOLUME 47, NO. 1

Official Publication of National  
Association of Credit Men

Chestnut at 56th Sts.,  
Philadelphia 39, Pa.

One Park Avenue,  
New York 16, N. Y.

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ESTABLISHED 1898

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## ***A Study of Government***

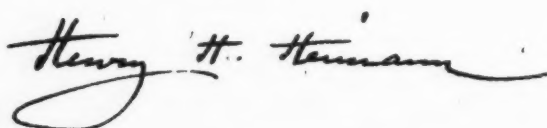
**I**n this day of rapid communication and transportation, we are living in a small world—so small that all of the world's people are in fact our neighbors. As citizens, we each have our own responsibility of understanding foreign neighbors. Good neighbors are not quarrelsome, but helpful; not critical, but tolerant; not aggressive, but conciliatory.

The Government, however, has the greater responsibility of assuming the leadership in such understanding. Government leadership can be no better than the people who represent it—diplomats, men and women in the armed services or those representing government in any way. We naturally should seek the best representatives we can get—not to satisfy any ambition of a selfish nature but rather to insure a really understanding and consequently peaceful world.

Men or women, skilled and competent in business, are given years of training. They are skilled in both the theoretical and practical side of business. It is said, for example, the average competent credit executive requires ten years of study and experience to become efficient in his profession. The investment in a man so trained represents a substantial sum, but the training pays large dividends.

Ten years ago I advocated special training courses in government representation as a means of helping to insure a peaceful world. Emphasis should be placed on classes in government in our schools and colleges. In these classes, languages should be a necessity. The students studying government should have intimate contact with all departments of government. They should study other forms of government as well. Our future government employees should be largely drawn from the student body of these classes. These specialists should be career men trained in government. Their future in public service should be made attractive.

It is time again to insist on this type of program if we intend to discharge our responsibility in the world of tomorrow.



Henry H. Heimann





## For this service, our thanks

As a rule, wounded men talk very little. They've learned to "take it." Many live in a secret, silent world of pain—but they *know*. They know and are grateful. They remember the horrors of that last battle . . . They remember the Red Cross worker bending over them . . . the plasma . . .

Then, the hospital, with all their precious lives before them . . . Their gratitude for the innumerable small, but vitally important comforts brought to them by Red Cross Nurse's Aids and Gray Ladies is expressed by eyes grown bright—or a simple "thanks."

Only a few of us can actively serve the



Red Cross in the far-flung battle areas, but there *is* something we can *all* do no matter where we are. We can humbly share our blood . . . We can divide our time . . . We can give our money . . . We *can* and *must* help.

Make an appointment at your nearest blood donor center today . . . Join the hosts of Americans on the home front who are helping to make the Red Cross contribution in World War II the greatest mass effort of mercy the world has ever known . . . We must all deserve that "thanks" of our fighting men who have given so much for us.

*This is the tenth of a series of advertisements dedicated to the American Red Cross by*

**THE HOME INSURANCE COMPANY, NEW YORK**

FIRE . AUTOMOBILE . MARINE

# Fundamentals of the Credit Interview

## Successful Executives Should Study Their Technique

by DR. JAMES F. BENDER

The National Institute for Human Relations

**S**hould the plans of the Smaller War Plants Corporation materialize, thousands of young men and women, now in the armed services of our country, will be enabled to establish their own private enterprises. How well these new businesses will weather the first and most critical years will depend upon many factors, none of which is more important than credit. The demands upon credit in the post-war era will give the credit man more responsibility than ever before. All of which means that now is the time for the credit man to take stock of his tools.

We may compare him to the gardener who spends an early March week-end sharpening his tools against the season of great use: the spade, most basic of all, we may liken to the interview technique of the credit man. For no tool is more useful in carrying on his work than competence in interviewing. Of all forms of public speaking, none is used so constantly, and yet—curiously enough—none is given such meager attention in training programs than how to interview. It was the great psychologist William James who maintained that the chief end of a liberal education was to recognize a good man when you see him. The same objective is at the bottom of credit interviewing.

### The Nature of Interviews

Interviews are conducted to obtain information, to give information, and to persuade. While one of these objectives may be preminent on occasion, all three of them play complementary roles; that is to say, they are interdependent. Take the credit-interview as an example: Its chief goal is to grant or refuse credit to the interviewee (or his company). But that goal cannot be attained under ordinary circumstances without the giving and receiving of information.

The credit man who has learned the technique of interviewing either by trial and error or training realizes that it is an art based upon certain traits of personality and scientific principles. Five of these are of primary importance because they are present in all successful credit-interviews. They are (1) rapport, (2) composure, (3) speech, (4) hearing, (5) listening.

### Better Rapport Needed

*Rapport*, a word borrowed from French, is a state of reciprocal confidence and respect or even admiration that exists between the credit man and the cus-

tommer being interviewed. It depends upon the way the two personalities jibe. Tom Brown put his finger on a profound truth when he said:

I do not like thee, Dr. Fell;  
The reason why I cannot tell,  
But this I do know very well:  
I do not like thee, Dr. Fell.

When rapport misses fire, there is a reason even if the parties involved cannot identify it.

The aim of the credit man who wants to become a master interviewer is to develop many likeable traits of personality that encourage *rapport*. From time to time he may wish to submit his personality to analysis because even the best of us develop "bad" habits in interviewing. Perhaps the way he greets the customer; his facial expression and mannerism; how he shakes hands; the way he begins to speak—all these and a hundred and one more can make or break *rapport*. And no rule of thumb can be prescribed for the best way for all credit men to build *rapport*, but the personality traits of each man can be analyzed from the point of view of *rapport*-building. Once this is done, the individual credit man can be trained—as a matter of fact, can often train himself—in the ways he should go.

### Composure Helps a Lot

An exceedingly helpful and sensible technique is the moving picture. When the credit man is photographed in the act of conducting an interview he is given the opportunity to see himself as others see him for the first time in his life. Even if a "set-up" situation is photographed, the credit man can better appreciate the psychologist's analysis than otherwise. Thus, the resultant list of suggestions means more. Personality inventories and rating scales are also useful. Both the Bernreuter Personality Inventory and The National Institute For Human Relations Interview (Form A) have been widely used in identifying attitudes and mannerisms that are inimical to *rapport*-building. As soon as the credit man adopts the suggestions that grow out of an analysis, he appreciates that old saying, *A Good Beginning Is Half the Battle*, applies to interviewing: for an interview cannot be a successful one until *rapport* is established.

Before a credit man can put a customer at ease, he himself must be at ease. The tensions ensuing from



hard work and added responsibilities frequently result in what the psychologist calls *occupational neuroses*, which are maladjustments to the job. An example is provided by *autistic gestures*, which are, for the purpose at hand, the interviewer's recurrent movements of his body, limbs, and face during speaking, of which he is more or less unconscious. Ear-pulling, nose picking, head scratching, twiddling the thumbs, shrugging the shoulders, twitching of the lips or eyelids, drumming on the desk, jerking the head—are only a few of the autistic gestures that have been observed in credit men (and others) while they conduct interviews. Often these autistic gestures—more than 400 of them have been catalogued—reveal mental conflicts and a nervous disposition. In most cases they are ruinous to the effective credit-interview because they distract the attention of the customer, make him ill-at-ease, and thus inhibit his presentation. The careful credit man, therefore, determines whether he is conducting his interviews under reasonable composure. Tension, like composure, is contagious; and tension is a barrier to effective credit-interviewing. *More composure* is a pretty good maxim for most credit men to write into their daily memoranda and remember.

Mind Your Speech

Of outstanding importance is the speech of the credit man, for speech is the chief means of communication in the interview—the bridge between personalities—the vehicle for making fine adjustments with the customer. Strangely enough, all of us are poor judges of our own speech, chiefly because we cannot hear ourselves as others hear us unless we have access to a *reliable* recording machine. A credit man, like the rest of us, hears his voice mainly through bone conduction; he hears the voice of others as well as his recorded voice largely by way of air conduction. Now, a sound or vocal quality carried by bone is interpreted differently in the hearing center of the brain from the sound carried by air waves. That is the reason for the inevitable response to hearing the first recording, "Why, that doesn't sound like me!" A reliable voice recording is consequently recommended because it provides the credit man with an opportunity to judge objectively his articulation, pronunciation, and vocal inflection. Often an expert can suggest speech improvement drills that bring handsome returns in increased effectiveness in conducting the credit-interview.

Are Voice and Speech Responsive?

The circumspect credit man also makes certain that his speech and voice are responsive to the thought and emotional content of his vocabulary. Words in themselves are too frequently poor conveyors of thoughts, but when delivered with appropriate modulation they become enriched in meaning. Take, for example, the significance of vocal stress alone in the sentence:

- 1. I'd like to show you how you can save money on this item.
- 2. I'd like to show *you* how you can save money on this item.
- 3. I'd *like* to show you how you can save money on this item.

THE NATIONAL INSTITUTE FOR HUMAN RELATIONS INTERVIEW FORM A\*

Date \_\_\_\_\_ Rated by \_\_\_\_\_ Interviewee's Name \_\_\_\_\_

Address \_\_\_\_\_

Instructions to rater: Check the line above the terms which best describe your judgment of the interviewee. Consider all three specifications for each item before recording your judgment. Weigh each item separately and judge it without reference to the preceding items. If the interviewee does not fit any one of the three sets of specifications for a given item, block out square between two sets. If tests are subsequently administered to the interviewee, record his scores in the spaces provided.

ITEMS			
Appearance:	<input type="checkbox"/> unkempt, sloven	<input type="checkbox"/> neat, well-groomed	<input type="checkbox"/> modish, over-dressed
Mannerisms:	<input type="checkbox"/> complete composure	<input type="checkbox"/> recurrent gestures	<input type="checkbox"/> nervous, annoying habits
Facial expression:	<input type="checkbox"/> repellant	<input type="checkbox"/> responsive	<input type="checkbox"/> lively, pleasing
Voice:	<input type="checkbox"/> clear, pleasing	<input type="checkbox"/> adequate	<input type="checkbox"/> indistinct, defective
Articulation:	<input type="checkbox"/> jumbled defective	<input type="checkbox"/> distinct	<input type="checkbox"/> cultivated
Manners:	<input type="checkbox"/> gracious, well-bred	<input type="checkbox"/> average	<input type="checkbox"/> rude, gross
Communication:	<input type="checkbox"/> slow of comprehension	<input type="checkbox"/> nearly always grasps meaning	<input type="checkbox"/> exceptionally keen
Judgment:	<input type="checkbox"/> unusually sound	<input type="checkbox"/> considered	<input type="checkbox"/> lacks balance, irrational
Stability:	<input type="checkbox"/> hypersensitive	<input type="checkbox"/> well-poised	<input type="checkbox"/> exceptional poise, sense of humor
Confidence:	<input type="checkbox"/> decided-self-assurance	<input type="checkbox"/> wholesome self-confidence	<input type="checkbox"/> hesitant, apologetic
Friendliness:	<input type="checkbox"/> distant negative	<input type="checkbox"/> approachable	<input type="checkbox"/> elicits warm feelings

TEST RESULTS

Intelligence (e.g. Otis Self-Administering): \_\_\_\_\_

Temperament (e.g. Bernreuter Personality Inventory): \_\_\_\_\_

Coordinations (e.g. Macquarrie Test for Mechanical Ability): \_\_\_\_\_

Interests (e.g. Strong Vocational Interest Blank): \_\_\_\_\_

Special Abilities (e.g. Moss, et al Ability to Sell): \_\_\_\_\_

Summary estimate: \_\_\_\_\_

\*345 Fifth Avenue, N. Y. 17

- 4. I'd like to *show* you how you can save money on this item.
- 5. I'd like to show you how you can *save* money on this item.
- 6. I'd like to show you how you can *can* save money on this item.
- 7. I'd like to show you how you can save money on *this* item.
- 8. I'd like to show you how you can save *money* on this item. ETC.

Although the wording is the same in all eight of the examples, each individual rendition has a meaning all its own.

The tone of the voice also has important implications. Have you ever heard a credit man who gave a sarcastic and unfriendly impression simply because of the quality of his voice? Not only what we say but how we say it is important. Doubtless we have all experienced misunderstanding that grew out of inappropriate voice and inflection. The credit man's goal should not of course be "fawncy" speech but persuasive speech.

The Ear's the Thing

The speech and interviewing ability of the credit man are inextricably bound up with his hearing capacity. Recent surveys indicate that at least one and a half per cent of business executives have hearing

(Continued on page 24)

# Postwar Credits for the Grocery Trade

## *New York Food Group Forms Guidance Committee*

by **C. A. MAGUIRE**

General Credit Manager, Francis H. Leggett & Company, New York City, and Chairman of Special Postwar Guidance Committee of New York Food Distributors Group.

**ON** Shifts in population after the war will cause many complex problems for retail grocers as and when former workers in war plants seek their old jobs and return to their old homes. Areas which have enjoyed unusual prosperity, by reason of population shifts to those areas during the war period, will not be able to depend on the stability of neighborhood customers. This will call for special vigilance on the part of wholesale grocers as it may be necessary to curtail credit in such areas.

Very soon there will be many demobilized soldiers and sailors who will want to go into business for themselves and the grocery business may again be a lure for many with limited capital and little experience. However, as far as capital is concerned there is every reason to believe the veterans will have the advantage over others in being able to obtain capital to establish themselves in business.

Aside from state loans to returning veterans which have been proposed in some states, the most important source of benefit for the returning veteran who desires to enter business, will be the Servicemen's Readjustment Act of 1944, which provides the machinery for loans to veterans through banking and other financial institutions at interest rates of not more than 4 per cent per annum, and the Federal Government guarantees repayment up to 50 per cent, but in no case will the government's guaranty exceed \$2,000. It is understood the new law is only supposed to cover loans made for the purchase of business property, and the construction of homes and farms, but a broader interpretation may soon be released so that such loans can be used for working capital, where the loans can be made on a sound business basis. The loans guaranteed by the Federal Government are payable in full within 20 years, therefore, many of the loans may be in existence for several years, which will mean from a credit viewpoint, a constant review of such accounts where state and Federal loans remain outstanding beyond a reasonable period.

### **A New Situation in Credits**

In normal times, loans of this kind would almost preclude the average retail grocer from establishing a line of credit in the trade, however, in view of the fact that such loans are of a long term nature, the Postwar Guidance Committee of the Food Distributors Group, New York Credit Men's Association, feels there is no reason why veterans who obtain these loans should not

be able to establish a credit standing in the trade.

During the war period competition for the average retail grocer disappeared. In the postwar the retail grocer will have to meet the competitive challenge of the chains and super markets, if they are going to maintain their place and hold the gains made during the war period. To do so they will again have to sacrifice profits on some items, which will mean a lower overall margin and unless volume can be increased or operating expenses reduced or both, the credit man will again be confronted with many slow accounts and at times requests for accommodations beyond the usual terms of sale.

Since 1941, the financial condition of retailers has been unique, and credit losses for the wholesale grocer during the past two years have reached a minimum. This condition, combined with prompt payments, brought about larger lines of credit for retailers and many retail grocers have enjoyed credit privileges which would never have been granted in normal times, therefore, a revision of credit lines will be essential, and this at a time when sales executives will be confronted with the greatest selling job the wholesale grocery business has ever known.

### **Nine Point Program Adopted**

It is therefore essential that credit men in the wholesale grocery business keep themselves posted in connection with the changes taking place in our economic and business world and especially as affecting the grocery field.

Several months ago, the Food Distributors Group of the New York Credit Men's Association formed a committee known as the Postwar Guidance Committee. A broad and interesting program was adopted which covers the following:

1. Shifts in population. Effect on retail grocery stores in depleted areas.
2. Returning veterans and others re-entering the retail grocery field.
3. New businesses.
  - a. Re-opening of old locations.
  - b. New ventures at new locations.
4. Trends.
  - a. Employment.
  - b. Business.
  - c. Risk of capital in new businesses.
  - d. Retail inventories.



- 5. Collections.
- 6. Ration points.
- 7. Rationing and Price Control.
- 8. Bank policy on loans in postwar to small business men. (Retailers.)
- 9. Taxation. Study of a plan to bring to attention of Congress through Credit Men's Association necessity for reducing excessive taxation.

Close Check on All Areas

At its September meeting, the Food Distributors Group approved a form submitted by the Committee by which each member will file monthly with the chairman a report on collection trends in 11 areas along the Eastern Seaboard. Changes and shifts in food concessions at war plants as well as the general trend of employment at war plants will also be reported. Each member will indicate whether collections in each of the districts listed are "normal and above normal" or "below normal and slow." These reports will then be discussed around the table and further amplified at the Group's regular monthly meetings.

As a basis for determining collection trends, so that all members will follow the same procedure, it was agreed that conditions existing during 1944 up to and including Aug. 31, 1944, should be regarded as normal, then any change from that period should be recorded each month whether normal or below normal. For instance, if a member sells on a 30 day basis and his collection experience in the Boston area for 1944 up to and including Aug. 31 was 19 days outstanding and he now finds that his accounts are 21 days outstanding, he would report to the group that his collections in that area are "below normal and slow." In reporting the members are asked to always keep in mind that the expression of opinion is from a practical viewpoint and represents their current experience as credit men having their finger on the pulse of credit conditions and not depending on statistics excepting as they compile them in their own businesses.

Collection Trends for October

The collection report on trends for the month of October shows 24 members reporting:

Collections	No. of Members Report Normal and Above Normal	Trend		No. of Members not Selling In the Area
		No. of Members Report Normal	No. of Members Report Below Normal and Slow	
Metropolitan New York .....	23	1		..
Philadelphia (Including Camden)....	16	..		8
Boston .....	12	1		11
Hartford—Waterbury—New Britain..	17	..		7
New Haven—Bridgeport—Stamford..	19	..		5
Albany—Troy—Schenectady .....	14	..		10
Syracuse—Utica—Rome .....	12	3		9
Catskills .....	13	..		11
Penn. Mining Areas .....	10	2		12
Jersey City—Passaic—Paterson ....	22	1		1
Newark—Elizabeth—South Jersey ..	21	2		1

The above has proved interesting because the Syracuse-Utica-Rome area shows three members reporting collections "Below normal and slow" and this will be discussed at the Group's next meeting to ascertain whether there has been any recession in war plant activities in that area or whether the trend only reflects a temporary condition.

Members of the Group have already commenced reporting to the Postwar Guidance Committee each

A School for Grocers

(In line with the excellent program undertaken by the Postwar guidance Committee of the New York Food Group, it seems appropriate to repeat the suggestion made in the Executive Manager's Monthly Business Review for a special clinical course of instruction for Retailers)

Let us assume a state university decided to have a week's course for retail grocers. The time selected would be when the groceryman could best be spared from his business. He would leave his clerk in his store to run things while he went to school for a week. The next year he might send his clerk so as to give him the benefit of the training. The tuition should be practically at cost and very reasonable. It would be the responsibility of the wholesale grocers to plan a suitable course with the university faculty. It would be up to the wholesale grocers to largely furnish instructions. It would be a real investment on their part — one that should in the end pay large dividends. Aside from their own staff, these wholesale grocers would call in specialists for certain products, that is, an expert on flour, one on canned goods, etc. These men would give special lectures on their products, not on a brand article but on the advertising and pricing. It will be interesting to note the results of these experiments. In effect such a course is a really practical sales and merchandising conference of a type normally held within an organization—now proposed for the customer, namely, the retail store.

month, changes in catering at war plants and changes in boom town and war plant areas, which has been very helpful and promises to be of great value in the immediate future.

To Study Retailers' Problems

The Postwar Guidance Committee will also study problems of the retail grocer. It has been suggested that the retail grocer and prospective new account buying from New York wholesalers should present their problems to the salesmen of the respective houses who are members of the Group. If the salesman does not feel competent to handle any particular problem presented to him he will then take it up with his credit man who will take it up with the Postwar Guidance Committee if he is not able to make a decision.

From the experience the Committee has already had in this work it is believed that the credit men in the wholesale grocery business in other cities would be well advised to form Postwar Guidance Committees similar to the New York Food Distributors Group, through their local Credit Men's Associations and this idea might well be extended to other lines of business.

# Phases of Contract Settlements

## *Ability to File Claims Promptly of Great Importance*

By T. G. COUNCELOR

Vice-President and Controller, Copperweld Steel Company, Glassport, Pa.

**ONE** I want to pay tribute to the Government personnel charged with the responsibility of handling terminations. Beginning with the passage of the Contract Termination Act of 1944—on the whole a very satisfactory act—everything has been most encouraging. In my opinion, the attitude of contracting officers constitutes a new high in Governmental procedure. Given a good act to work under, they apparently are determined to administer it courageously, practically, reasonably—in short to give full effect to the obvious intent of Congress. They are interested in getting the job completed promptly and in getting out of uniform and back to their own businesses. Likewise, they are interested in the preservation of our economic system and the protection of employment in the postwar period. Unless this attitude is changed, the problems of termination should be greatly simplified.

Because of the liberality of the Act, and the few safeguards against fraud, the administration of this Act calls for complete integrity both on the part of the Government representatives and the contractors. Break-downs involving dishonesty will certainly do more damage to industry than any other single item. The honeymoon finally being enjoyed between Government and industry will be over.

### **Preparation of Claims Important**

Hence, a major problem is the careful and conscientious preparation of claims. Nothing should be included which the claimant contractor would not approve if he were sitting in the seat of the contracting officer. And in making this appraisal, unbiased judgment must prevail. In preparing claims, accuracy, conscientiousness, and promptness might well be the motto. In case of doubtful items, the matter should be discussed with the appropriate contracting officer. From my experience, contracting officers are most anxious to be helpful.

There has been considerable debate as to the interrelation, if any, between certain parts of the amortization provisions of the Revenue Law and Contract Terminations. This last raises an interesting question which may have various applications; that is, the relative advantages of claiming under termination as opposed to claiming a writedown for tax purposes. If the cost of facilities are recovered through amortization, I feel quite safe in saying that nothing will be paid therefor in connection with termination. Similarly, if

inventories are written down for tax purposes, I am of the opinion that full cost cannot be claimed on termination.

### **Full Effort to Be Fair**

A tax reduction of a given amount—say \$100,000, does not mean as much as a cash payment of a like amount since we are not working under a 100 per cent tax rate. Hence, a position as flexible as possible should be maintained. In other words, specific write-downs should be made (in cases in which a reasonable doubt exists) only after most careful study. Use of reserves is generally preferable, these reserves to be carefully analyzed late in the company fiscal year. It is just another illustration of the fact that in these times eternal vigilance is necessary as it is difficult, if not impossible, to always be certain that an advantage on one side may not be more than offset by a disadvantage on some other side or sides.

Limitation of time precludes anything like a complete review of the complications involved in the matters which I have merely hinted at. I must content myself with saying that contract terminations *are* inextricably interwoven with:

- (a) General provisions of income and excess profits tax laws;
- (b) Tax amortization provisions of the tax laws;
- (c) Renegotiation.

to say nothing of W.P.B. regulations (with respect to disposition of surplus materials), and probably others.

### **Organization for Termination**

In order to handle terminations properly and expeditiously, it is essential that an organization be established and that this organization be highly trained. It is essential that responsibilities be squarely and forcefully placed and that there be no laxity in meeting them.

In the case of the company with which I am connected our reasoning was as follows: Since terminations "cut across" or involve all major departments it was our opinion that the overall control should be in the hands of a general corporate executive acting in a general administrative capacity—that this control should not be in the hands of a divisional executive or in the treasurer's or accounting department.

Following this theory our termination team is set up in this manner:

*General Corporate Employees (i.e., applicable to both of our divisions):*

Termination Officer—who is a Vice-President of the Company and who has rather broad authority to act.

Legal Advisor.

Treasurer.

*And then for each division:*

Administrative Representative—appointed by the Executive Vice-President in charge of the division and authorized to speak and act for the Executive Vice-President on all matters pertaining to canceled or suspended orders.

Manager of Orders—acting for the sales department.

Operating Department Representative—appointed by the divisional General Superintendent and authorized to speak and act for the Superintendent on all matters pertaining to canceled or suspended orders.

Supervisor of Claims—working under the supervision and control of the Divisional Accounting Head, and charged with the responsibility for actual preparation of the claim. In so doing it is necessary for him to work closely with all other members of the "team" and for this purpose he is directed to contact them directly; they in turn are directed to cooperate and work closely with the Supervisor of Claims. In other words, it is not necessary for the Supervisor of Claims to work through his superior—the divisional accounting head—in matters involving suspensions and cancellations. The desirability for this was learned from experience.

Expeditor of Settlements—appointed by the Treasurer and functioning as a personal contact man particularly in cases in which we are the subcontractor and file our claim with the prime.

### Two Approvals Required

All claims must be approved by the Termination Officer and the Administrative Representative prior to filing. Responsibility for obtaining full cooperation from the organization so that the Supervisor of Claims can properly do his work is placed squarely upon the Administrative Representative. Weekly reports showing the status of all claims are prepared by the Supervisor of Claims. Negotiations for settlement are handled by the Termination Officer and the Legal Advisor working with the Company's Treasurer.

The foregoing applies to cancellations for the convenience of the Government. Cancellations for the convenience of the customer are handled differently, being under the overall control of the Administrative Representative. Incidentally, it is not always easy to ascertain whether a cancellation is for the convenience of the customer or of the Government.

Working under the basic instructions which were issued over the signature of the Company's President (in order to give them the greatest force) and which set up the organization as I have described it, each affected department representative issued implementing

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## The 78th Congress Closes

Here are some appropriation figures from the 78th Congress which ended its two-year session on December 19th:

Army 74 Billions

Navy 57 Billions

Other War Expenditures 14 Billions

Total 145 Billions

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instructions covering the detail operations within his department. In order that the entire procedure should be properly coordinated these instructions had to be approved by the Termination Officer and the Legal Advisor prior to issuance.

Very briefly, this sketches our termination organization which so far has functioned smoothly. It seems to me that in protecting the credit of a business—i.e., its ability to pay its bills—one of the most important considerations is—what has the business done to protect itself against cancellations? Certainly existence of a well-trained, smoothly functioning organization, is a long step in the right direction. All authorities agree on this and until it has been done, a business cannot say that it has done its part.

### V-T Loans As Assurance

Another valuable protective measure is the existence of a V, VT or T loan or standby credit, adequate in amount to give real protection and containing satisfactory terms. The cost of the stand-by credit is small—usually one-half of one per cent a year—certainly a reasonable cost for the insurance involved.

Another important problem is the obtaining of interim financing through partial payments under terminated contracts. Regulations governing such payments were released by the Director of Contract Settlements on Sept. 12, just past and are extremely liberal. Certainly the proper persons in the Company's termination section should be thoroughly cognizant of these provisions and certainly the Treasurer of a company as well as the Manager of Credits and Collections should be vitally interested in them, both from the viewpoint of their own company's rights to partial payments and from the viewpoint of their customers. What are these customers doing to avail themselves of partial payments, thus protecting and expediting their ability to pay debts?

This discussion has reviewed only a few of the practical phases of the complicated matter of handling contract terminations. Nothing has been said as to the proper handling and disposal of materials. On good authority it has been said that this constitutes 80 per cent of the entire problem of termination. It is to be the subject at your next week's meeting.

Many of the problems which will arise may best be handled by pre-termination conferences with contracting agencies—another helpful practice which has been inaugurated recently and which should be availed of to the greatest extent possible.



# Postwar Foreign Trade Problems

## *America Must Lead in Establishing Exchange of Goods*

By **NICHOLAS J. MURPHY,**

Second Vice President, Chase National Bank, New York

**C** Today it seems to me that we are all of necessity more internationally minded with respect to our future trade problems due to our country's participation in a global war. The world seems to have grown smaller through advances in modes of transportation and travel. The problems of the world's people have been more closely shared by us and the economies of many countries tied up with our own welfare. The short supply of certain strategic materials in the war effort has convinced us of our lack of self-sufficiency. It has been acknowledged by our business leaders, economists, government officials and others that foreign trade is an essential part of any post-war plan or program. The businessmen in all countries are discussing the foreign trade outlook, its opportunities and its problems, and endeavoring to develop a program and plan of approach as a matter of self interest.

When Germany is defeated (and let us all hope it will be soon!) France, Belgium, Holland, Norway, Denmark, Greece and all the countries that have been ravaged, will have their problems in finding a way back to normal life, and foreign trade will be an important aid to their recovery. Also, those non-European countries which have been deprived of many essentials of trade because of our concentration on war materials, will once again be in the market to acquire these essentials, and to sell us more and more of their products in exchange.

### **Up to U. S. A. to Lead**

It seems to me that we, as a creditor nation, and the nation best equipped to supply the needs of the world in food, clothing, machinery and equipment of all kinds, *must*, because of that position, assume the leadership in the establishment of a sound and orderly method for the interchange of goods with other nations of the world. It would be a relatively easy task if a greater majority of our people were more familiar with the importance of foreign trade and its relation to their economic well-being. I believe it is the job for you and me, engaged in foreign trade, to present the facts on every occasion.

It has been stated that in the post-war period we must keep our production at a high level in order to prevent unemployment, and while it is true there will be an enormous domestic demand for our goods, it is my humble opinion that it will be our foreign trade that will be important in maintaining a high level of pro-

duction for several years after the curtain has rung down on the last act of World War II. This will be particularly true in such industries as steel, heavy machinery, railroad equipment, building and electrical equipment. This war has destroyed a tremendous amount of materials of all kinds which must be replaced. Also, countries that have not been in the war zone, such as Mexico and Brazil, having undertaken programs of industrialization, will have need for industrial equipment of a wide range in the immediate post-war years.

It is estimated that the potential value of our exports will reach Seven Billion Dollars for 1948. This seems a pretty high figure, but let us examine the prospective foreign demands for our goods.

### **Balances In Our Favor**

Our Latin-American neighbors are estimated to have about Three Billion Dollars in available exchange, much of it traceable to our country's heavy purchases there and in part, due also to their inability to buy goods here or elsewhere in the world. Other neutral countries such as Sweden, Switzerland, Portugal, Spain are in similar position. These countries and others not seriously affected by the war represent potential customers with a pent-up demand for farm and factory equipment and all kinds of consumers' goods. Many U. S. manufacturers now have a backlog of orders awaiting availability of goods or priority and shipping space.

Further, our Allies (members of the United Nations group), including those countries which were occupied and have been or will be liberated from Axis occupation and domination, represent an important potential and they will require all kinds of material, consumers' goods and capital goods alike to carry out some measure of rehabilitation.

### **"Can We Do the Job?"**

There will also be a demand for our goods from those countries where our troops have been stationed. The people there have seen how our boys live, the tools and machines they use, how it is possible to convert a swamp or a bit of desert into a livable village with electric light, sanitation, etc. Very likely, procurement of their immediate necessities such as food, clothing, medical supplies, etc., will be arranged by their own governments



through government missions, government relief agencies and the like.

This is the picture as I see it with regard to the field for our export sales. The question is: Can we do the job? It will be regrettable if we are so satisfied with meeting domestic demands that we neglect our markets abroad. Remember this: The farmer in Chile or Brazil will be just as anxious to get a new tractor as the farmer in Kansas or Massachusetts.

In the beginning of my talk, I said we must keep in mind that other nations are thinking along the same lines as we are regarding foreign trade, and this brings us to a discussion of how some of our buyers abroad are going to pay for our exports. As regards the Neutrals and our Latin-American neighbors, mention has already been made of the possession of funds here of sufficient proportions to finance their immediate post-war purchases without other assistance.

In some instances, liberated countries will have assets abroad which can be utilized to finance purchases from us. Holland, for example, has already arranged a secured credit in the United States, which will be used to buy raw materials, semi-manufactured products, drugs, medicines, machinery, machine tools, rolling stock, etc., for their immediate needs after Germany is defeated. France and Belgium also will have foreign assets which can be used for a similar purpose. However, countries like Greece, Poland and Czechoslovakia, having been attacked without warning and bled white by the invader, will, no doubt, require assistance to enable them to acquire even the bare essentials to revive their economies.

But there is yet another and most important exception to those countries which have assets abroad with which to finance their immediate post-war imports. I refer to that country which before the war, was our best customer—Great Britain. For her very existence, Great Britain depends on her foreign trade and, over the years, she has accumulated vast resources abroad to maintain her economic equilibrium. When she declared war on Germany in 1939, however, her foreign trade practically ceased, and her assets abroad were dipped into heavily to provide for her war requirements. Our Lend-Lease program has provided a stop-gap, but as a nation with limited natural resources she has accumulated a terrific debt and, if she is to resume her place in world commerce, she must have assistance.

#### **Banks in Strong Position**

For the immediate post-war period, say two or three years, it seems to me that the commercial banks in this country can take care of the situation in most instances where commercial credit is required to finance trade of a short-term self-liquidating character. However, for long-term credit involving reconstruction, a Governmental agency could be used to good advantage. I have in mind those cases where a foreign government or a private enterprise in a foreign country needs heavy machinery, machine tools, railroad equipment or material for the restoration of plants and public utilities, and the credit might have to be worked out on a

five- or ten-year basis. In such cases, I believe the Export-Import Bank can perform a useful function. It was organized for just such purpose and has an excellent record of achievement. Of course, its capital would have to be increased to meet increased demands; also the Johnson Act would have to be repealed. A recent newspaper article indicates that Congress will soon be asked to increase the capital of the Export-Import Bank to Five Billion Dollars, having in mind the making of post-war loans to Great Britain and others. I think this is a move in the right direction.

Therefore with Dollar exchange accumulating in some parts of the world and estimated imports reaching Six Billion in 1948, plus about Four Billions to foreigners for services, remittances and capital investments, it appears our prospective export and import trade would approach a balance. However, before reaching this desirable goal, we will be called upon for post-war credits for economic rehabilitation and economic development. Whether such credits are extended privately or by the Government or one of its agencies, will depend upon the credit standing of the borrowing nation.

Foreign Trade is so closely associated with the economic, financial and political world picture, we must take a long-range view and plan accordingly. If we simply take advantage of the situation and confine ourselves to increasing our export sales, our customers will soon be short of dollars or exchange and, in order to protect themselves, they will be obliged to revert to the restrictions that existed prior to the war in some foreign countries, namely, import controls, exchange restrictions, tariff barriers, quotas, etc., with the resultant breakdown of world trade and its disastrous consequences.

#### **Lessons from First World War**

After the last war a somewhat similar situation confronted us, i.e. large export sales volume, and the world was not so widely involved as it is in today's war, and there were many countries then enjoying the so-called war trade. The problems were not squarely faced at the time. The foreign traders both here and abroad were so intent on increasing sales that they failed to realize that commodity prices were inflated with consequent expansion of credit, so that where commodities declined, orders were cancelled, debts unpaid, resulting in a general crack-up in the 20's.

We must bear all this in mind when dealing with the problem this time. Markets may be different. Conditions and regulations or sales may be different. Business houses you knew prior to the war may have changed in position and standing. Even your competition may be different. Your whole plan of operation as an individual trader may necessarily be subject to change to meet new requirements. These matters must be considered. It is in these conditions as the markets open up again that your banker and government departments, your various trade associations and bureaus may be helpful and should be consulted to supplement existing information in your possession.

It has been suggested that some central agency be set up whereby there would be available to the Ameri-

can trader the amount of credit granted and outstanding in the various countries. This would give the American trader a yardstick by which to gauge his operations. In other words, in order to replenish his stock as quickly as possible, the foreign buyer may place orders in excess of his requirements, hoping to obtain at least a portion from each supplier. This is something the Credit Manager must keep in mind.

The U. S. Chamber of Commerce, the American Manufacturers Association, the American Bankers Association, the National Foreign Trade Council—all have very active committees dealing with the establishment of a workable international trade policy. It seems to be the consensus of opinion that the problems to be dealt with in planning an international trade policy are: 1) Reduction of restrictive tariffs and trade barriers; 2) Currency stabilization; 3) Protection of foreign investments; 4) Commodity and raw material problems; 5) Transportation, Shipping and Communications; 6) Commercial Policies of Nations.

#### **Must Import More**

It is obvious that if we expect to maintain our export business, we must import more from abroad to enable our prospective customers to secure dollar exchange. Therefore, we will have to adjust our tariff in order to increase and diversify our imports. At present, our principal imports are raw materials; we must also buy goods from those countries which may not be suppliers of raw material.

It seems to me that paramount among the issues is the realization that the foreign trader's world market, after the war, will be determined in great part by the economies of the respective countries and their currency and exchange situations in relation to the whole world picture. This is a problem of magnitude and one that has lately been under consideration by the financial experts, economists and Government experts of the United Nations at Bretton Woods and Dumbarton Oaks and, more recently, at the International Business Conference of 52 nations held at Rye, N. Y. Incidentally, this was the largest International Business Conference ever held. Representatives of organized business from 52 nations were in session at the Westchester Country Club from Nov. 10 to Nov. 18. The attendance and enthusiasm at the meetings were a tribute to the American organizations responsible for arranging the conference. It was the first International Conference to come out of this war which was not inter-governmental. It represented world business and several of the delegates came from far off countries, enduring the hardship of war-time travel to be in attendance. The Conference had a very practical purpose—it proposed to have representative businessmen of each nation give the viewpoint of their respective countries. When these views were put together, the result was a realistic survey of the world economic situation as seen by the men actually engaged in it throughout the world.


#### **Westchester Conference Important**

The outcome and result of these discussions and studies (whatever that result may be) will have a

tremendous bearing upon the foreign trader's individual problem. Another fundamental factor which must be taken into consideration is that every single transaction incidental to an export or an import must be founded upon the individual credit analysis determining the merits of each transaction. We then get down to the plain question of the appraisal of our customer and his ability to perform, tied in with the larger question of the position of his country, financially and economically, which, in turn, relates to his ability to obtain the exchange to carry out his end of the bargain. These questions are more closely intermingled and have a definite, direct bearing upon each other. It will be problems such as these confronting the exporter and importer, which will put him on his mettle. The establishment of a sound International Trade Policy providing for an orderly exchange of our goods and services with other nations, calls for the careful thought and consideration of every one of our citizens as his patriotic duty, whether he be engaged in international business or not.

I just wish to leave one thought with you: Foreign Trade is very essential to our economy. We must take our place in the brotherhood of nations and assume a place of leadership. The part we play and how we play it is our responsibility. *Don't* let us shirk that responsibility.

### **Business Failures Expected To Increase with Return Of Active Competition**

 That a return of business competition will bring an upswing in the number of business failures is the theme of a discussion by General Leonard P. Ayres, Vice President of the Cleveland Trust Company in his December Business Bulletin. Convincing evidence that genuine business competition has been almost non-existent in 1944 is to be found in the figures showing the number of business failures each month. General Ayres compares the chart of business failures from 1914 through 1923 with a chart of failures from 1939 through 1944.

The number of failures, he points out, has declined from almost 2500 a month in 1922 down to close to about an average of 100 in '44 with two months dipping down to 70. The rate of failures has steadily been declining since the war broke out in Europe in '39.

"All who extend credit will note the change when business competition returns. In recent months nearly all these people have in reality been making riskless loans, although it is probable that most of them have not realized it. The riskless character of the loans is demonstrated by the near disappearance of insolvencies. That condition will shortly change."

Credit Executives will find much food for thought in General Ayres' prediction about an increase in commercial failures with a return of active business competition. Records of the Fraud Prevention Department also indicate an increase in commercial frauds with the upswing in business activities.



# Thinking of Hiring An Assistant?

## *Here's a Specialized Application Blank to Help*

By **FRANK GRIESINGER**

Credit Manager, Lincoln Electric Co., Cleveland

**C**The problems of cancellation and reconversion now facing the Nation's manufacturers may necessitate reorganization and addition of credit department personnel in order to handle properly the many difficult situations which may arise.

Many of us found it necessary to decrease our personnel in order to make efficient use of manpower during the period of war prosperity. As sales decrease, or methods and types of distribution change, credit and collection difficulties may become greater and the department's work more extensive.

The hiring of a man or woman is one of the most expensive operations which an organization undertakes. Training costs money; mistakes of inexperienced or unqualified employees may reduce profits. It stands to reason that some careful thought on scientific selection of personnel may mean a lot in decreasing employee turnover and in the increase of profit through operating expense reduction.

This article does not cover the field of aptitude testing, which is a science in itself. However, certain aptitudes may be brought out through the prospective employee's use of the specialized application form.

### **First a Study of the Job**

Before this form could be created, it was necessary to determine the characteristics and abilities which are desirable in the person who applies for a credit department position. Our Company evaluated all office jobs a few months ago in order to establish uniform rates of compensation for similar work and to adjust salary irregularities. Each job was dissected minutely and its functions listed fully.

For the purpose of this application form, the job analysis of the Assistant Credit Manager was studied and opposite each job function were listed the characteristics and abilities necessary to carry out that function.

Questions were then created to bring out the applicant's experience, attitude and training toward the desirable characteristics. The completed application form thus was moulded particularly for the selection of higher grades of credit department personnel, as the Assistant Credit Manager must be fully qualified to assume direction of the department when necessary.

Initial inspection of the form may give the impression of detail and length, requiring a lot of writing on the part of the applicant. That criticism is granted, but it is believed that when one is hiring a prospective employee it pays to know as much of the background of that person as possible before hiring is completed. The more information which can be secured in the be-

ginning, the less are the chances that the applicant will be dissatisfied in his job and the employer disappointed. Further, any credit department employee must spend a good portion of his time writing letters. His prospective employer wants to know about his writing ability. This form will require the applicant to do considerable writing if he answers the questions in detail.

### **Stress on Academic Training**

The form also may seem to put emphasis on academic training. This is because our Company has attempted to follow the policy of hiring young men and women, preferably as soon as possible after the completion of their formal education. It has been our experience that previous employment may have formed habits in the individual that are unsuited to the Company's philosophies of cost-consciousness and a minimum of office and detail work.

By hiring younger personnel and training them ourselves we find we secure the progressive viewpoint which is needed to understand some of the Company's unusual procedures. The application form therefore stresses academic background, as good theoretical training and education may be adapted easily to the economic basis of our office and manufacturing operations.

The form may be used in two ways. The applicant may fill it out and then be interviewed on its contents, or the interviewer may fill out the form as he talks with the applicant. It is my personal belief that nothing can take the place of a careful interview. Many character traits such as honesty and sincerity can be brought out most satisfactorily by personal contact rather than by written question. I further believe in having the prospective employee write a letter of application of his own creation before he visits the Company. This gives another opportunity for measurement of his writing ability and the logic of his thought processes.

To demonstrate more effectively the principles behind the design of the application form, it is divided in three parts. In the first column appears the question or instruction for the applicant; in the second column appear the characteristics, abilities or qualities of the applicant which the question is designed to bring out. In the third column is a note of further explanation of the reasoning behind the question.

The field of personnel selection is broad, with room for much individual opinion. It is hoped that this specialized form may provide food for thought for credit executives interested in departmental reorganization.

*(The form is presented on Pages 14 and 15)*

# THE LINCOLN ELECTRIC COMPANY

Credit Department

## SUGGESTED APPLICATION BLANK (With Explanation)

This form has been designed to test an applicant's suitability for the position of Assistant Credit Manager in an industrial organization of moderate size.

In the form itself, the actual questions appear first in each

section. Below the question or instruction are listed the characteristics or qualities of the applicant which the query assists in bringing out. To the right of the characteristics is a supplementary statement explaining why the question is asked.

Instructions to Applicant: Please fill out this form in your own handwriting. Answer each question as completely as you can, using a separate sheet of paper if necessary.

### 1. PERSONAL DATA

Name of Applicant	Date of Birth	Date of Application	Nationality
Address	Height	Social Security Number	Are you a U. S. Citizen?
Phone Number	Weight		

#### GOOD APPEARANCE

This section is chiefly factual. Sometimes unusual height or weight factors may affect the individual in his own outlook, or in the viewpoint of others toward him.

### 2. FATHER, MOTHER, WIFE, CHILDREN, DEPENDENTS

Name	Degree of Relationship	Age	Occupation
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#### ATTITUDE TOWARDS JOB

Dependency of others on him may influence profoundly the attitude of the applicant toward his job—if home responsibilities are too great, he may neglect his work; if he has children to provide for, he may strive to retain and better his position.

### 3. PREVIOUS EMPLOYMENT

Where Employed	Address	Supervisor's Name	Position and Duties	Salary	Length of Time Employed	Reason for Leaving
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#### AMBITION QUALITY OF JOB PERFORMANCE

A list of several previous positions may indicate ambition on part of applicant to better himself or unsatisfactory performance on the job. The question provides a source of references on the applicant, an evaluation of his steadiness, ambition and salary desired and required.

### 4. EDUCATIONAL INSTITUTIONS ATTENDED

Name of Institution	Type of Institution	Location	Number of Years	Diploma or Degree Granted
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#### MENTAL DEVELOPMENT AND TRAINING MEMORY THEORETICAL KNOWLEDGE OF BUSINESS PRINCIPLES AND OPERATIONS DISCIPLINE

The discipline of hard study required by a good institution of higher learning is a valuable asset to the applicant aside from the practical value of the education itself. It is well established that four years of higher education increases earning power vastly.

### 5. FIELDS OF STUDY COVERED (Indicate number of semesters for each course)

Accounting: Beginning	Auditing	Business Law	Marketing
Intermediate	Taxes	Corporation Finance	Money and Banking
Advanced	Business Correspondence	Industrial Management	Public Speaking
Cost	Business Cycles	Economics	Statistics

#### ABILITY TO APPRAISE CREDIT RISK FROM STANDPOINT OF CON- DITIONS

The fields of study mentioned all contain information of interest for the credit executive. The student finds conditions in practice often different from those in theory, but if his instruction has been good, he quickly may adapt his knowledge and become a more valuable asset to his employer.

#### THEORETICAL KNOWLEDGE OF BUSINESS PRINCIPLES AND OPERATIONS

### 6. SPECIAL ACADEMIC PROJECTS (Please describe any Theses written or Research Projects undertaken)

#### ABILITY TO ORGANIZE FACTS ABILITY TO ANALYZE ABILITY TO WRITE EFFEC- TIVELY

Most business executives must be able to write reports for higher management. Academic experience of this nature is very helpful.

### 7. OCCUPATIONAL EDUCATION (If you believe that your business training and experience has supplemented, or taken the place of the academic subjects listed under (5), please explain here)

#### ABILITY TO SUBSTITUTE EX- PERIENCE FOR ACA- DEMIC TRAINING INTELLECTUAL CURIOSITY APPLICATION AND HARD WORK

Many individuals, by hard work and drive, can apply experience in their everyday business life to the furthering of their education. The common sense and actual experience of such a person might produce a very desirable applicant.



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## 8. SPECIFIC TRAINING AND EXPERIENCE IN CREDIT AND COLLECTION WORK

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### A. Letter Writing

1. How much experience have you had in business correspondence?
2. Did you write Sales, Adjustment or Collection letters?
3. Did you use your own typewriter, a stenographer or Dictaphone?

### DICTATION EXPERIENCE AND ABILITY

Any credit department employee spends a large part of his time writing letters. He must be able to write well and to enjoy writing. A knowledge of scientific approach to difficult collection and adjustment problems is valuable.

### RAPIDITY OF THOUGHT PROCESSES

### KNOWLEDGE OF PSYCHOL- OGY OF COLLECTIONS, SALES & ADJUSTMENTS TACT, DIPLOMACY, GRAM- MAR, FLUENCY, CLARITY

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### B. Financial Statements

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1. What experience have you had in evaluating financial statements?
2. Are you familiar with principles of valuation and ratio analysis?

### ANALYTICAL ABILITY APPRAISAL OF CREDIT RISK FROM CAPITAL STAND- POINT

The applicant must be able to dissect balance sheets and profit and loss statements, evaluating the items carefully with regard to scientific principle, business conditions and his own personal experience.

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### C. Business Law

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1. Are you familiar with the characteristics of negotiable instruments?
2. Please detail any experience you have had in handling conditional-sale, chattel-mortgage sales and collections.
3. Please explain how you have supervised collection problem accounts being handled by attorneys.

### ANALYTICAL ABILITY FAMILIARITY WITH ATTOR- NEY PRACTICE KNOWLEDGE OF BUSINESS LAW: NEGOTIABLE INSTRU- MENTS, AGENCY, SALES

Most manufacturers of heavy industrial equipment sell on time payments. Knowledge and experience in this type of sale is helpful. When a bad debt is incurred, proper supervision must be given to insure maximum recovery.

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### D. Travel and Personal Contact

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1. What type of traveling has been required by your previous business positions?
2. Have you done personal selling at any time?
3. In what way have you met the public regularly outside of traveling?

### SALES CONSCIOUSNESS ABILITY TO GET ALONG WITH OTHERS ABILITY TO APPRAISE CREDIT RISK FROM CAPACITY AND CHARACTER STANDPOINT

The applicant must be capable of working harmoniously with his sales department. Traveling and personal contact work help him understand sales problems and train him in the appraisal of people.

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## 9. ASSUMPTION OF RESPONSIBILITY; INITIATIVE

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- A. In what ways have you been given responsibility for operating a department or a business unit?
- B. Please explain how you have supervised the work of others..
- C. In your previous business experience, if you have developed new and original ideas, procedures or improvements of which you are particularly proud, please give us details.

### INITIATIVE DRIVE ENTHUSIASM FOR PROGRESS LEADERSHIP ABILITY TO GET ALONG WITH OTHERS

The applicant should be given a chance to talk a bit about his personal achievements. If he has developed leadership traits or has shown a progressive viewpoint previously we should extract that information.

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## 10. PERSONAL LIFE

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- A. Please list the hobbies or outside interests in which you engage regularly.
- B. Please list any Church, Clubs or Fraternal organizations to which you belong.
- C. Please describe any participation in athletics which you experienced in school or since graduation.

### FRESHNESS OF VIEWPOINT HEALTH MENTAL CURIOSITY TEAMWORK SOCIABILITY LEADERSHIP AND ORGANI- ZATIONAL ABILITY ABILITY TO APPRAISE CREDIT RISK FROM CAPACITY AND CHARACTER STANDPOINT

Most people believe that a change of pace through interests outside of regular employment is beneficial to the individual. Outside activity helps develop leadership and mental activity. Athletic activity is the best source of teaching the value of teamwork and the dependence of the individual on the whole. Association with other people outside of regular business life develops judgment and common sense valuable to the credit man in his everyday work of character appraisal.

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## 11. PLEASE TELL US WHY YOU WISH TO WORK FOR THE LINCOLN ELECTRIC COMPANY.

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### MOTIVATION AMBITION SINCERITY

It is important to uncover the applicant's real reason for wanting to associate with the Company. His sincerity must be measured carefully to avoid possible trouble later and his motivation appraised.

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## 12. SUPPLEMENTARY INFORMATION (Please record here any additional facts which you believe we should have in order to give your application proper consideration).

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The applicant should not be confined to the listed questions if there is some other point which he believes important.

# Judge Blames Inert Creditors

## *Says Bankruptcy Losses Caused by Laxity*

By **GROVER M. MOSCOWITZ,\***

Judge of United States District Court for Eastern District, Brooklyn

**CE** Bankruptcy might be defined as the status of a debtor declared by judicial process to be unable to pay his debts. This definition suggests the error of interchangeably using the terms "bankruptcy" and "insolvency"; one who is insolvent is not a bankrupt until his status has been judicially declared. Bankruptcy is an in rem proceeding and in so far as the adjudication declares the status of the debtor, it is conclusive upon all the world and even strangers to the decree may not attack it collaterally but it is not res adjudicata as to the facts or as to subsidiary questions of law upon which it is based except as to parties to the proceeding or their privies.

Despite the valiant attempt by the legislature in the Chandler Act revision to minimize abuse of the true purposes of bankruptcy, inequities sometimes still appear but it is the creditors themselves who are in large part responsible. Lack of proper investigation before credit is extended and a general apathy toward the bankruptcy proceeding when the credit has gone wrong are two mistakes which business would do well to remedy. I suppose competition for customers in normal times brings about the former but that is out of my line and I shall leave it to you to ponder. The writing off of an account as soon as a petition in bankruptcy is filed, presumably with the thought that to pursue the matter further would be sending "good money after bad," is a showing of little foresight.

### **Vigorous Prosecution Necessary**

Only by vigorous prosecution of bankrupts who violate criminal statutes or the penal provisions of the Bankruptcy Act will frauds be deterred. The United States Attorneys' office has an enviable record of convictions of bankruptcy fraud perpetrators, largely due to the indefatigable pursuit of suspects by the Federal Bureau of Investigation agents but the government does not act until its attention has been called to a criminal violation. It has happened that creditors who filed specifications of objections to a bankrupt's discharge have been bought off, thereby permitting the unopposed discharge, since the statute in its present form requires the court to grant the applicant a discharge unless one or more of enumerated unauthorized acts is alleged and proved. All unsecured creditors are to be treated alike and settlements with individual creditors are prohibited.

The theory of bankruptcy is creditor control and this

is intended to mean by representatives of a majority. Yet it frequently develops that an active minority in fact controls the proceedings. All the creditors whose claims are scheduled are entitled to attend a meeting, of which they are given notice by the referee, and at that meeting to elect a trustee who will be charged with the duty of pursuing all the bankrupt's assets and converting them into cash for distribution. In practice, it too often happens that many creditors do not appear or take any interest in the matter, only to wake up too late to the loss which they have suffered by their indolence.

### **On Filing a Claim**

The Bankruptcy Act appears to set forth in unambiguous language the contents of a proof of claim entitled to be allowed. But judicial emasculation has rendered this requirement nugatory and anything which a strained imagination may construe as apprising the referee that a claim is being made has been held to satisfy the statute, so as to permit amendment later in accordance with subdivision (n) of Section 57. Our Circuit Court stated only a few days ago that there has as yet been no authoritative determination of the question whether the Chandler Act has established stricter requirements which make inapplicable cases involving the liberal amendment of claims under the statute as it formerly existed. There is thus no excuse for a creditor not filing some notice of his claim within six months after the date set for the first meeting of creditors, the time prescribed by the statute, and he may regret not having done so.

A rather harsh result possible under the old law of creditors not seasonably filing their claims was remedied by the amendment of 1938. The omission to file where there were few or no scheduled assets was not considered significant until assets were unearthed by the trustee after the time had expired for filing. Formerly, if the assets in an estate were sufficient, after administration expenses, to pay all creditors whose claims had been allowed, any surplus remaining went to the bankrupt. Section 57 (n) of the Bankruptcy Act (11USCA 93n) now provides that when all claims which have been duly allowed have been paid in full, the court may fix a time for the filing of claims which were not filed within the prescribed time and these, if

\* (Excerpts from an address delivered at the annual dinner of the Commercial Law League in New York City)



approved, shall be allowed out of any surplus remaining. The Circuit Court of Appeals for the Second Circuit recently considered this section of the Act and held that "paid in full" meant that interest was also to be paid on the allowed claims before application of any assets to the payment of claims of equal priority not seasonably filed.

### Lax Corporation Laws

Another factor materially increasing the number of bankruptcies is the ease with which a corporation may be formed in New York and some other states and the absence of public control over its financial status. To the extent that it is our public policy to permit incorporation for the purpose of limiting personal liability, we are all indirectly to blame for this situation. Individuals with no sense of moral responsibility are not seriously concerned when they can organize a corporation with few, if any, assets, incur obligations, and when the corporation is adjudicated a bankrupt, repeat the process with a new corporation. I am not suggesting the abolition of corporations as such but I do think that many of the abuses arising from dummy and fly-by-night corporations could be eliminated by requiring public disclosure of the assets to be invested upon formation and of periodic balance sheets thereafter.

Another result of the Bankruptcy Act in its present form which is glaringly inconsistent with its purposes is illustrated by this factual statement. A negligently injures B in an automobile collision and a verdict of \$10,000 is rendered against him on the trial. Though A has an annual salary of \$15,000 or more, he may nevertheless file a voluntary petition in bankruptcy and be relieved of this obligation by relinquishing his present assets. B is without a remedy, whatever his plight.

### Proposals on Discharges

A proposal currently receiving considerable attention would go far toward curing some of the evils to which I have alluded and would effect a most significant change in bankruptcy administration. I have reference to the suspension and conditioning of discharge, a practice which has been employed in England and in Canada for some time. The Committee on Bankruptcy of the Judicial Conference of Senior Circuit Judges, under the chairmanship of Judge Orie L. Phillips, recommended the adoption of this practice into our bankruptcy system and in its September, 1944, Report to the Conference incorporated its preliminary draft of a proposed bill to amend the Bankruptcy Act to effectuate the suggestion.

The bill drafted by the Committee would require the court to suspend the discharge for a period not exceeding two years if satisfied from such evidence as has been adduced

"(1) that the assets of the bankrupt at the commencement of the proceedings were not of a value equal to 50 cents on the dollar of the amount of his provable debts, unless he satisfies the court that such fact has been due to circumstances for which he cannot justly be held responsible; or (2) that he contracted any provable debt within four months prior

to the commencement of the proceedings without having at the time of contracting it any reasonable or probable ground of expectation of being able to pay it; or (3) that he has brought on, or contributed to, his bankruptcy by rash and hazardous speculations or by unjustifiable extravagance in living, or by gambling or by culpable neglect of his business affairs."

The bankrupt would be required to turn over to the trustee all the non-exempt assets which he had at the time of adjudication and all that he acquired during the suspension period, excepting a reasonable allowance, fixed by the court, for living necessities of himself and family and, if the court permits, property necessary for the conduct of a business in which he is engaged. The bankrupt would be required to submit to the trustee periodic reports of his assets, income and expenses. If the court finds at the end of the period that the bankrupt has attempted in good faith to comply with the terms of the suspension order, he may be discharged; otherwise, the discharges may be denied.

### Two-Year Limit Too Short

I believe the proposed two-year limitation on the period of suspension is too short. In England, for more reasons than the three embodied in the Committee's bill, a discharge may be suspended for a period not less than two years, no maximum being prescribed. An exception is made where the only fact proved is inadequacy of assets at commencement of the proceeding, in which case the court may order suspension until such time as the assets attain the specified proportion. The English Act also provides the additional feature of authorizing the granting of a discharge on condition that the bankrupt make prescribed payments out of future earnings, no reference being made to his personal or family necessities, although the court presumably would take that factor into consideration in setting the amount to be paid.

It is also interesting to note that since the Act of 1914, a bankrupt in England incurs criminal liability if, being engaged in trade or business and having incurred debts therein, he contributes to his insolvency by gambling or rash or hazardous speculation during two years before the filing of the petition. Perhaps such an extreme damper would not be welcomed by the chance-loving American people but it does seem advisable that at least some provision, such as the suspension of discharge, should be available to limit the speculation of debtors.

### English Law Compared

In one more respect the English bankruptcy law is more liberal to creditors than that of our own country. You all know that an involuntary petition may be filed against a debtor who is insolvent and who has committed an act of bankruptcy prescribed by the statute within the preceding four months. It may well be that the assets of an insolvent debtor will be dissipated before an act of bankruptcy is committed so as to justify the filing of an involuntary petition. The English law is similar but the act of bankruptcy most frequently relied upon is a "notice of bankruptcy," a summary device not provided for under our law. It appears to

be no more than a notice by a judgment creditor ordering the debtor to pay, secure or compound the debt within seven days; failure to comply is an act of bankruptcy.

A heavy burden rests upon one who subsequently becomes a bankrupt to keep, maintain and preserve books of account or records appropriate to the financial activities in which he engages. Creditors should not be required to guess, speculate or surmise what disposition the bankrupt has made of his assets. A bankrupt who is engaged in business who has failed to keep or preserve books of account or records from which his financial condition and business transactions might be ascertained is not entitled to be discharged in bankruptcy. At the beginning, when the bankruptcy law was first enacted, this provision was not so strictly enforced as it is now. In a recent prosecution for fraudulently concealing and transferring property from the trustee, it was held to be a proper inference for the jury to make from the keeping of inadequate books that this was done with an eye to future bankruptcy.

#### **False Financial Statements**

A bankrupt who has obtained money or credit by making a materially false statement in writing respecting his financial condition is not entitled to be discharged. The purpose of holding a bankrupt to strict accountability in filing truthful financial statements is to encourage greater honesty in business transactions and one who violates this requirement is given short shrift in the bankruptcy courts. In one respect, this law may be too harsh. A person honestly seeking a discharge from substantial debts may have made a statement in applying for a \$50 loan many years ago that he had no other debts, when in fact he owed another obligation. Both that obligation and the \$50 may long since have been repaid but his having made that statement, which was relied upon at the time, will forever bar his being discharged in bankruptcy. Some discretion should exist in the court to rule out such an objection. It has been suggested and not without force that an investigative agency be set up to look into the acts and conduct of a bankrupt who seeks a discharge. This would be particularly effective if the court were empowered to suspend or condition discharges.

The present war has become a factor in bankruptcy administration in more ways than one. Easy war money has left its mark on the bankruptcy courts. In 1943, the number of new bankruptcy cases brought in the United States was 33.4 per cent less than in the year before and in 1944 the number declined another 44 per cent, aggregating a reduction of 62.5 per cent in just two years. In figures, the drop was from 52,109 new cases in 1942 to 19,533 during 1944. This leaves a lower number of cases pending than at any time during the past thirty years. This situation has become a matter of serious concern to the referees, many of whom in our metropolitan areas devote their full time to their official duties and have become expertly familiar with the details of bankruptcy administration.

#### **For Salaried Referees**

It is desirable that they be retained for the perform-

ance of their functions when the inevitable recurrence of bankruptcy cases in normal numbers materializes after the war. At present, referees are compensated on the basis of fees only and with the decline of cases mentioned, many referees are not earning enough even to maintain their offices. A bill is pending in Congress (H. R. 1107) which would put referees on a salary basis and its advocates state that the present cost to the government could be reimbursed from contribution of the parties in high volume years. Bills are also pending in Congress (H. R. 4131, 4132, S. 1620, 1622) which would carry into effect another current suggestion, which is that the existing prohibition against referees acting as United States Commissioners be removed so as to permit expedient combining of the duties of these two offices.

The Soldiers and Sailors Civil Relief Act of 1940 seeks to protect the civil rights of persons in the armed services. The law provides for the temporary suspension of certain legal proceedings and transactions which might prejudice those rights and enjoins the entry of default judgments in some cases, requiring the court to appoint an attorney to represent the defendant who is or may be in the service. In what was apparently one of the first constructions of the effect of this legislation upon bankruptcy proceedings, I held that where there were a large number of bondholders in a Chapter X reorganization, whose interests were all on an equal basis of priority, some of whom were directly represented by counsel and disinterested trustees who were appointed to protect the interest of all the creditors, the matter could proceed to final determination and title to real property would be marketable even though some of the bondholders not actively participating might be in the armed services. The mandatory provisions of the Act do not apply to a Chapter X proceeding. However, under the discretion vested by the statute in the court to appoint an attorney in any case, I appointed the attorneys for the indenture trustee to represent bondholders who are or may be serving in the armed forces.

#### **OPA Prices on Bankruptcy Sales**

An interesting question incident to our wartime economy is whether the bankruptcy courts, in selling property of an estate, are bound by price ceilings promulgated by the Office of Price Administration under authority of the Emergency Price Control Act of 1942. The Bankruptcy Act requires the sale to be at public auction to the highest bidder, so as to procure the greatest advantage to the creditors. Those who maintain that the limitations apply argue that the War Power Acts are statutes enacted for the safety of our national existence and that Congress could not have regarded the rights of creditors in a bankruptcy proceeding as more important than the objectives of the war effort. Those holding the contrary view urge that the declared purposes of the War Power Acts will certainly not be violated in a judicial proceeding. It is asserted that a court of justice will not be presumed to encourage speculative, unwarranted and abnormal price increases or to do anything else that is not in

*(Continued on page 24)*



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# Our Postwar Balance Sheet

## *Credit Must Reconvert Its Plans After V-E-Day*

By **C. L. HOLMAN**

President, Chicago Association of Credit Men,  
Wilson Brothers, Chicago

**ON** Consciously or otherwise, all of us plan for the future. Nowadays there is yet a war being won and none of us can relax in our efforts to quicken victory; yet preparing for peace and planning for post-war might be construed as complementary. Perhaps then, since the credit executive is accustomed to analyzing balance sheets in forming his judgment as to a case and its future possibilities, a compilation in that form of some of the positive and negative overall factors apparent for post-war might aid in the formation of an opinion, individualized to himself and to his firm.

Our first positive asset might be the pent-up demand for durable and capital goods. The estimated total of needs of consumers for commodities unobtainable in recent years sound fantastic—everything from nylon stockings through radios, irons, automobiles to housing. With the latter, as an example, requirements are figured at 1,500,000 units per annum for the next ten years. Obsolescence in our industrial equipment, factory buildings, railroads, stores, etc., has been so extensive during the war, that budget plans for long-delayed maintenance, rebuilding, and modernization must be way up in the billions.

### **Enormous Purchasing Power**

Secondly, we have the enormous purchasing power represented in expendable funds—currency, demand and time deposits, cashable government bonds—calculated to exceed 100 billions for individuals and more than half that for business. No comparable situation previously has existed, so estimates as to what part might be quickly spent or what portion left dormant are rather unpredictable. This purchasing backlog is additionally bolstered by the big reduction in both commercial and consumer debt, implying natural increases as soon as goods can be freely purchased. The impact on retailers of War Veteran benefits might be staggering. Over all lies the fact that gross average family incomes have greatly increased in recent years, particularly in the lower economic strata. Especially with this group, post-war will probably bring readjustments, but a good share of this expansion in optional spending power—above basic living costs—will undoubtedly be maintained.

A third favorable advantage is the greatly expanded

productive facilities of the country, doubling pre-war records and representing a tremendous asset for economical production of peace-time goods. Further, the war effort has stimulated invention, facilitated the development of improved techniques and processes, promoted research and discovery of new materials and products—all opening the way to the great expansion of many present businesses or entirely new industries. A larger and more thoroughly skilled supply of workers is available than at any time before.

### **Private Enterprise Victory**

The fourth and perhaps the greatest asset is the renewed belief and confidence in our private enterprise system. In the awesome crucible of war, our own free economic system has out-produced the world. The people as a whole, labor and government have acclaimed this remarkable war-time productive achievement and seem to acknowledge the vital importance of private enterprise to our way of life. Recognition is growing and should be maintained that employment depends on capital and know-how with the assumption of risk encouraged by the opportunity for profit. Perhaps in time, similar to our research in the physical sciences, a scientific approach can be developed in these economic, government and social fields. The hope persists that in some way out of this present cataclysm will come a workable international plan to prevent wars.

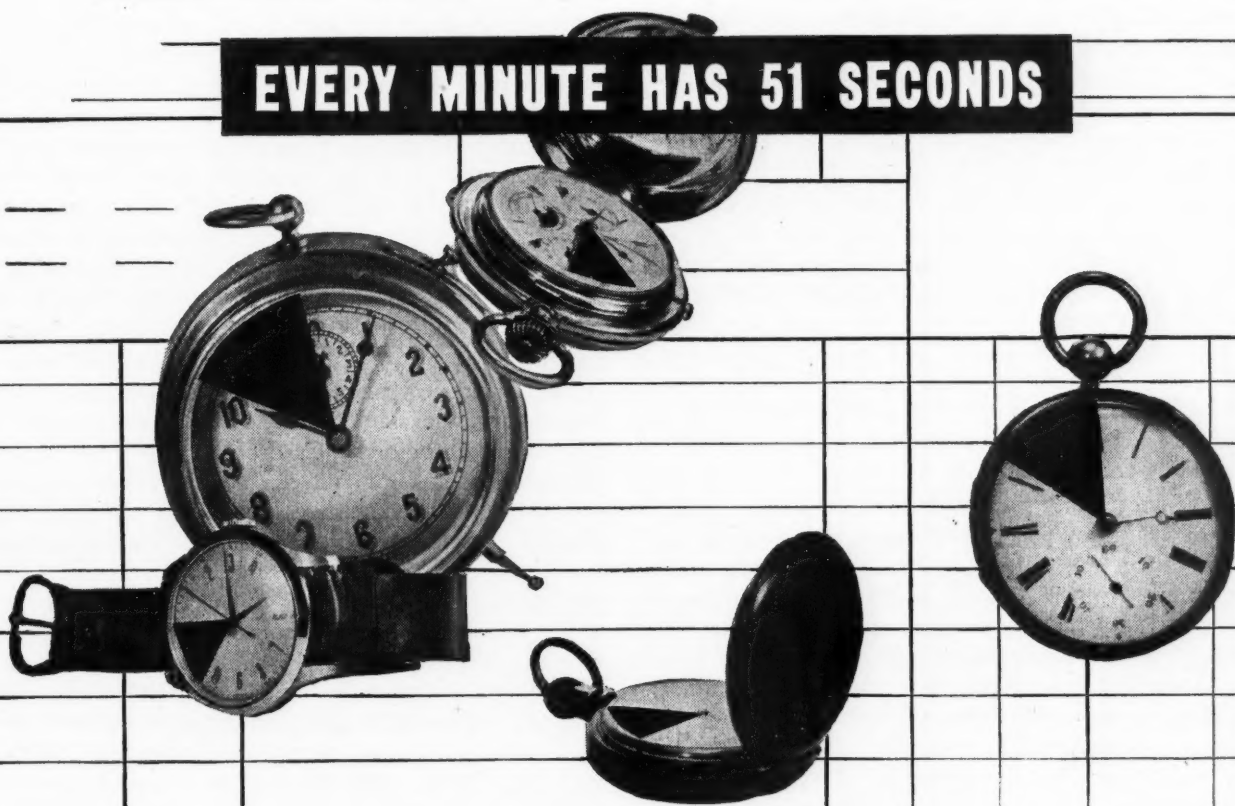
But what of the liabilities, which a credit executive must indeed carefully examine in any balance sheet evaluation? Are these assets unencumbered or can the evident liabilities be adequately met so as best to utilize the assets?

First consideration might advisedly be accorded the tax burden, estimated at thirty to forty billion. As this sum is quite comparable to the entire national income of 1932, our current and forthcoming national income must indeed be maintained at a high dollar rate in order to carry such a weight. Distribution of this tax load should command the greatest care and skill of our best minds. Burdensome taxes on consumers dry up purchasing power and investment savings. Too-high taxes on the wealthy drives money into hiding instead of into venture capital. Excessive tax burdens on business restricts the needful reconversion from governmental underwriting to a privately financed base for employment maintenance, for plant and equipment pur-





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chases, for the change-over from debt financing to new equity and reserves.

### National Debt as a Liability

A second liability is our unprecedented, over-hanging national debt and the possibility of continued deficit financing. Though risks are attached to that continuance, the need seems evident for a time, else taxes get too thoroughly restrictive. Post-war shifts in governmental security holdings are freely forecast with much importance naturally assigned to the need of sound fiscal policies and the vital maintenance of the credit integrity of the government.

Thirdly, labor unrest is visualized with many localized maladjustments in reconversion. The effects of contract cancellations and cut-downs, elimination of overtime, lay-offs and down-grading, return to the lower civilian industry rates, etc., are so unpredictable. The shifts in population and over-extension of one to-be-eliminated war industry in one section may create localized economic problems of sufficient size seriously to affect other sections. Production costs are high, which may adversely affect our chances in the coming competition for world markets. Our returning veterans must be absorbed into their old or new jobs equitably and without disruption of morale, while for those who start new ventures, the credit executive has a particular responsibility to extend unbiased advice and real constructive help.

A fourth uncertainty surrounds the prospective plans for bureaucratic controls—their continuance or their mitigation during the transition period. For maximum Victory results, central public supervision has been necessary and inevitably aspects of such will persist—such being particularly important as deterrents to inflation. To ease the perplexities for industry, though, the regulations could advisedly be reduced in number, changed less frequently, and made clearer in conformity to accepted business concepts. Since, best for a free enterprise system, the government creates and maintains a fair, equitable climate only, governmental war controls might well be dismantled as war machinery is dismantled. Industry is particularly anxious that surplus property disposal be ably handled with liquidation well-timed to disturb normal markets the least and with the best financial results for the government.

### Summary of Balance Sheet

Summing up our balance sheet, we have heavy taxes, a huge national debt, probable unemployment, and other fiscal, economic, and social problems as an offset to the good prospects of unprecedented purchasing power, demand, and productive capacity. To pay out and to provide for the liabilities, forecasters suggest the need of a national income of over one hundred twenty-five billion dollars. To attain that, when munitions-making slackens, new and higher levels of production, distribution, and consumption must be evolved.

While enlarged manufacturing facilities are rather apparent, production alone cannot create markets. Distribution must keep pace and play a dominant role. That implies risk-taking, with alert and resourceful credit management coordinating with sales manage-

ment in the development of maximum profitable distribution. A credit executive's planning might include the determination of a definite post-war policy, pre-analysis of each customer's or prospect's credit responsibilities, cooperation with the sales program in outlet selection, cultivation of and personal contacts with dealers, constant study of general and industry economic trends and conditions, and real qualification as a business friend and counselor in the problems of his customers.

### Credit Must Also Reconvert

As industry reconverts, so must credit reconvert. For many firms, one wealthy client, who knows what he wants and readily pays for it, must be replaced in open competition by a large number of former or new customers of diversified needs and varied credit responsibilities. The inevitable thousands of new ventures—returning veterans and others—as well as the financial reconversions of many presently over-extended war-work companies, will call for the most diligent and constructive credit control. As the current preponderance of governmental underwriting in production is reduced, working capital and private credit requirements will expand and probably exceed any previous usage if our expected, enlarged economy is to be sustained.

In our industry, men's wear, after two years of extraordinary sales and profits, retail balance sheets reflect enviable liquidity. Cash on hand and bonds loom high; receivables are smaller somewhat due to Regulation W; less than average inventories have improved turnovers; sales are higher and expense percentage lower; debts have decreased but often tax liability is not adequately considered. The average merchant could readily weather a reasonable period of slackened volume, such as predicted by some for after V-E Day or because of further scarcities in needful stocks. His progress and credit position thereafter will depend upon his realization that the current millennium in profits is not all the result of his personal skill, and that present planning is essential in meeting the expected increased intensity of post-war competition.

Out of these imminent problems of the retail customer and the solving thereof will probably stem forthcoming credit problems. Adequate post-war retail planning, then, might advisedly encompass a great variety of financial, physical, sales, merchandising, and personnel studies. Chain and department store research staffs provide their answers and plans so the independent merchant must also be alert and diligent.

### Problems of the Retailer

Sufficient capital must be available to maintain a liquid position, to provide for any store improvements, increased receivables and stocks, and the probable program of expanded volume—all under an efficient accounting control. Physical facilities might be thoroughly surveyed and modernization contemplated. Possibilities for greater sales at smaller margins, and reduced costs should be thoroughly investigated. Expected benefits from mustering-out pay, important in men's wear, should be explored. Analysis of lines carried, variety, brands, and resources is important, with consideration given to price and style trends, and

scrutiny of stocks for wartime or fringe merchandise. The retraining of personnel toward rebuilding any disjointed customer relations seems essential, as the currently prevalent arrogant attitude of so many salespeople clearly demands correction.

As to how the merchant can solve these and similar problems, then, will determine his effectiveness in meeting the expected competition from chain and co-op expansion or large store decentralization, new, younger, and perhaps more spirited ventures, cross-raïd offerings in entirely unrelated outlets such as men's wear in tire stores, government surplus disposal if ineptly handled, and the revived consumer urge for durable goods as offered by other industries. In his relations with that customer, the credit executive will have to depend greatly on the third C, capacity—the retailer's, and perhaps his own ability to anticipate, plan, and be prepared for the coming changes.

## Points to Need for Adequate Cost Items

By EDMUND A. RANDALL, C.P.A.  
Rochester, New York

**CFM** The November issue of CREDIT AND FINANCIAL MANAGEMENT contained an article by Rhæ M. Swisher, C. P. A., on "The Hidden Cost of Renegotiation."

This article called attention to an apparent penalty in cases where the contractor attempted self-renegotiation by accepting direct Government contracts at low prices; and had inadequate cost records, so that costs and expenses were distributed on a percentage basis between renegotiable and non-renegotiable sales.

An actual case in which this condition was overcome to a considerable degree by a procedure accepted by the renegotiators might be of interest.

The contractor's sales records showed the totals of renegotiable and non-renegotiable business. He was also able to determine that selling prices to the Government were 10% (this figure is used only as illustrative) below the non-

(Continued on page 26)

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## Fundamentals of the Credit Interview

(Continued from page 5)

losses that interfere with their vocational adjustments. (These, who have partial deafness, constitute a group much more numerous than the deaf mutes and totally deafened.) Hypacusics, people with hearing losses, are often ignorant of their lowered powers of hearing because they hear many noises and some of the speech sounds. Their hearing losses frequently develop imperceptibly and are difficult to identify without an audiometric examination which credit men and other interviewers should take yearly. Since most hearing losses are progressive if not treated, it behooves the credit man to be his own guardian of keen hearing.

If he is accused by his family or close friends of shouting all the time or using a very soft or monotonous voice, he has a clue. If he finds himself developing the habit of asking the interviewee to repeat statements or falls into the "Wha ja say?" routine, he has two other valuable indications which should be followed up. Perhaps a hearing aid—properly fitted—is the solution.

### The Credit Man as Good Listener

Acute hearing is not sufficient. The psychology of analytical listening depends upon a great deal more: the power to concentrate on the customer's words, the significance of their arrangement, and their implications. The customer's verbal omissions, his facial expressions, his line of reasoning and exposition—all are assimilated by the master interviewer. We listen with the eyes as well as with our ears.

Other things being equal, the best credit interviewers are those who encourage the customer to do most of the talking; they are expert listeners, are able to direct the flow of conversation into profitable channels. The credit man has no more potent weapon of motivation than the ability to get the customer to phrase the conviction that the credit man predetermines. The customer denied credit, who takes away with him a sense of justice and good will has been well interviewed. Too frequently, the credit man who is untrained in interviewing technique feels that unless he does most of the talking he loses his position of dominance. A profound and skillful listener may indeed be dominant in the credit interview, and usually is.

In summary, then there are many specific habits and techniques that make up the successful credit-interview. In order to become proficient, the credit man may be trained profitably in these habits and techniques. Moreover, he should check up on himself from time to time as an interviewer. Excellence in credit-interviewing depends upon the improvement of details. Five of these are fundamental: rapport, composure, good speech and hearing, and listening ability are often neglected. Perfecting them now for the post-war credit program will inevitably result in more effective credit-interviewing as well as improved human relations.

## Judge Blames Creditor Laxity in Bankruptcy

(Continued from page 18)

the interest of national defense. Under this construction, the Bankruptcy Act is deemed to be a specific, complete, comprehensive statute, permanent and exclusive in its operation, whereas the price measures are temporary and general and thus cannot by implication repeal or supersede the Bankruptcy Act.

I could go on making more suggestions for better bankruptcy administration and giving you more views as to what creditors should do and what lawyers should not do but in the long run it is only through the cooperative efforts of all those who play a role in this field that we may hope to achieve the objectives we have stated. Bankruptcy laws should aid the honest debtor and discourage dishonest ones. Creditors, attorneys, accountants, credit agencies, enforcement officers—all must recognize their obligations in the democratic system under which bankruptcy proceedings are conducted in our country. Vigilance reaps rewards, if not compensatory in a particular instance, certainly contributive to the improvement of bankruptcy administration as a whole and that result can only redound to the ultimate advantage of all.

## Regulations on Loans To Veterans Announced By Gen Hines' Office

**EN** Announcement was made in Washington on Dec. 21 of the full regulations on which veterans could obtain a guarantee of loans. Credit executives should write to Brigadier General Frank T. Hines, Administrator of Veterans Affairs, to obtain a complete copy of these regulations as they will become important factors in determining credit for new accounts started by veterans.

The important features of the regulations to bear in mind are:

1. The Government does not make the loan but merely guarantees 50 per cent of the loan or a maximum of \$2,000.
2. The loans to veterans may be used to purchase real or personal property pertaining to the establishment of business but are not for working stock, capital or inventory.
3. The loans must be negotiated through regular bank channels, and the bank in turn applies to the Veterans Bureau for a guarantee of 50 per cent of the loan.

In announcing the regulations, Brigadier General Hines said, in pointing out that the loans were not for stock or capital account, "The veteran opening a business would have to obtain his wares on consignment for the wholesalers."



## Supreme Court Rules on Two Labor Cases of General Import



Decisions announced on December 17th by the United States Supreme Court affect two important labor relations rulings. In one case, the Supreme Court decided that the National Labor Relations Board may reverse itself after certifying an independent union as an exclusive bargaining agent. This decision was by five to four vote. Justice Black delivered the court's opinion and Justice Jackson wrote a dissenting opinion in which Chief Justice Stone and Justice Roberts and Justice Frankfurter concurred. In this case a firm certified an independent union as an exclusive bargaining agent. The National Labor Relations Board ruled that the firm had been guilty of unfair practices in discharging forty-three employees who were not members of the independent union and who had been denied membership in that union because of previous C.I.O. adherence. The dissenting opinion by Justice Black said the decision would interpose an obstacle to all future bargaining for closed shop agreement. This was apparently a closely contested case with quite opposite views expressed on both sides.

In another case the court cleared the way for a decision as to whether a Negro can obtain an injunction against a labor union which bars Negro membership. The Alabama Circuit Court and the Supreme Court of Alabama both held that the Railway Labor Act placed no duty on the Railway Brotherhood to protect Negro workers against discrimination. The Alabama courts, however, refused to pass on the issue as to whether an injunction should be granted, and the United States Supreme Court held that the case was one which the courts of equity should consider, that no administrative remedy exists under the Railway Labor Act and therefore that the case should be remanded to the Alabama courts to determine whether the injunction should be granted.

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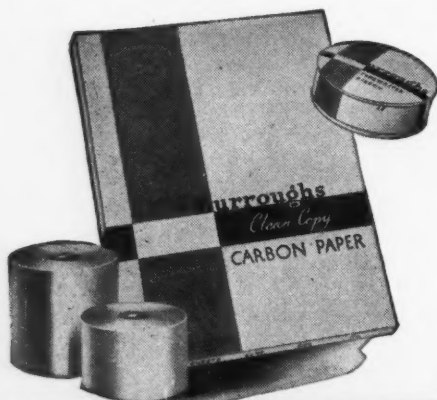
**1** You save 10% to 40% discounts on some types of supplies beginning with orders for as little as \$10 worth.

**2** It is easier to earn discounts, because they are based on combined purchases of various types of supplies; for example, purchases of carbon paper help you earn larger discounts on ribbons, and vice versa.

**3** You are assured fresh supplies, without storage problems, because delivery of supplies is made as you need them.

Burroughs produces high quality roll paper and ribbons for practically all makes of business machines, carbon paper for every need, journal paper and other supplies. For full details concerning prices and terms, call your local Burroughs office or write direct to

Burroughs Adding Machine Company  
Detroit 32, Michigan



# Burroughs

SUPPLIES FOR  
BUSINESS MACHINES

BURROUGHS ADDING MACHINE COMPANY

## Paint, Varnish and Lacquer Association Shows Figures On Bad Debt Summary

Since 1938 the credits and collections committee, of the National Paint, Varnish and Lacquer Association, Inc., has been conducting a survey of accounts receivable and bad debt losses.

Since this practice was inaugurated it has received the cooperation of many member manufacturers, which has given the committee a fairly representative picture as to the status of outstanding accounts, in percentage and by number of days. This survey also indicates the bad debt losses for the various years for which this data was compiled.

The surveys to date are covered by the fiscal years from 1937 to 1943, inclusive. Recapitulation follows:

Fiscal Year	% of Accounts Received to Sales	No. of Days Outstanding	Bad Debt Losses
1937	13.8	50	
1938	15.4	55	.66
1939	15.2	55	.73
1940	15.7	57	.69
1941	14.9	54	.57
1942	10.9	39	.49
1943	9.6	35	.24

No bad debt loss percentage was ascertained for the year 1937 but you will note it has been so indicated for the following six-year period.

We would like to point out that the survey shows a three-year period prior to the outbreak of the war in Europe. We are considering the first three years as a pre-war period, in view of the fact that hostilities did not break out until September, 1939. You will further note the next two years show the first two war years in Europe and that the 1942-43 period also includes the time in which our country became involved.

The period from 1937-41 inclusive shows a pretty consistent record of the percentage of accounts receivable to sales outstanding. However, for the two war years in which this country was involved a considerable drop in percentage, number of days and losses took place.

While we have not attempted to establish an average, we are of the opinion that this criteria could be considered as one that we could expect normally in post-war years. It would appear safe to predict that we can reasonably expect in normal

times a general average of 15.5 in relation to accounts receivable to sales, with a corresponding average of fifty-five days outstanding. Similarly, in regard to bad debt losses an average of .6 of 1% might seem to be in order.

These figures, of course, are average, based on actual results obtained in the past and could be considered as a safe yardstick for manufacturers to guide their credit operations. At least in the opinion of the committee this information pretty well establishes what the industry may generally expect.

Perfection is not claimed, inasmuch as the committee would like a larger number of supporting manufacturers, so that additional weight could be placed on the compiled information. It is significant to know, however, that the above data is gathered from approximately one-third of the Class A membership of the Association. For that reason we feel we have obtained data that is reliable and can be safely used as a guide for the industry.

## Adequate Costs Needed

(Continued from page 23)

renegotiable sales of the same products.

The total renegotiable business was divided by 90% to bring it up to a level comparable to the non-renegotiable, thus changing the ratio between the two classes. Manufacturing costs and overhead expenses were then distributed on the adjusted basis. Renegotiable sales (actual dollar total) were substituted for the hypothetical total used in distributing costs and expenses; and the result was a lower percentage of net profit on the renegotiable sales than on the non-renegotiable.

Contractors having inadequate or no cost records, such as Mr. Swisher and the writer are using as examples, are seriously handicapped in renegotiation proceedings; and will find themselves in even greater difficulties when they attempt to prepare claims for terminated contracts.

# New York City Credit Men to Mark Semi-Centennial at Credit Congress

By **FREDERICK H. SCHROP**

Convention Director



The New York Credit Men's Association will celebrate its semi-centennial by being host to the 50th Annual Meeting of the National Association of Credit Men which has been designated as the Third War Credit Congress. When N.A.C.M. was organized in Toledo in 1896, the New York City Credit Men's organization had been operating as a cooperative organization for more than a year. So the four-day Credit Congress slated from Tuesday to Friday, May 22nd to 25th, inclusive, will have special significance in N.A.C.M. tradition as a semi-centennial for both the National and the New York Associations.

The Congress next May will be the third time that New York City has been host to the nation's leading credit and financial executives in the manufacturing and wholesale and banking fields. Back in 1904 when Charles E. Meek was Executive Secretary of the N.A.C.M. the credit men first gathered in the great city by the Hudson, and again in 1926 when J. Harry Tregoe was Executive Secretary, the National Association came to New York.

The War Credit Congress will be just the type of conference as its name implies. It will be a meeting that we believe and hope will not only aid in the war and post-war effort but will promote sound credit policies in the nation's interest. It will be a working conference.

## Robert L. Simpson to Preside

Robert L. Simpson, President, C. T. Patterson Company, New Orleans, and President of the National Association of Credit Men for the current fiscal year, will preside at this year's Credit Congress. He will be assisted by the three N.A.C.M. Vice Presidents who are: Joseph Rubanow, Vice President, Manufacturers Trust Company, and a former President of the New York Association, representing the Eastern Division; C. B. Rairdon, Owen-Illinois Glass Company, Toledo, representing the Central Division, and Paul A. Pflueger, Max I. Koshland & Company, San Francisco, representing the Western Division.

## Committees Being Organized

First in the process of organization is the top or overall Advisory Committee, composed of many Past National Presidents residing in New York and Past Presidents of the New York Credit Men's Association who are still active in Association life.

Following this is the Executive Committee, which is composed of Credit leaders representing various leading lines of industry in the New York area.

Nash Eldridge, President of the New York Credit Men's Association and Asst. Treasurer of J. P. Stevens & Company, Inc., and Earl N. Felio, Vice President of the New York Credit Men's Association and Assistant Treasurer of Colgate Palmolive Peet Company, are Co-Chairmen.

Additional Committees which will carry the load of convention work are in the process of formation. Announcement of complete committee personnel will be made in a subsequent issue of this magazine.

## Headquarters at Hotel Pennsylvania

The "Pennzone" area has been selected to house the Credit Congress. This is composed of hotels located in the vicinity of the Pennsylvania Railroad Station. Hotel Pennsylvania is Headquarters and where the major activities will be held. Cooperating with Hotel Pennsylvania will be Hotel New Yorker, these two hotels being connected by an underground concourse. In addition are the following: Hotel Governor Clinton, Hotel Martinique and Hotel McAlpin. These hotels are all within the radius of one block from Headquarters Hotel and the Pennsylvania Railroad Station.

## Francis R. Landau Named Chairman Housing Committee

Francis R. Landau, Assistant Vice President of Crompton-Richmond Company, Inc., has been selected to head the all-important Housing Committee, which will assume the responsibility of assigning those attending the Convention to the various hotels listed. Mr. Landau was closely associated with John J. Redmond, National President 1940-41, who passed away last year.

This Committee is set up with a view of helping those desiring to attend in order to center the requests for hotel reservations. In return the committee is asking your fullest cooperation. To assure satisfaction with their rooms, information required on the part of delegates will be greater than at any previous convention. It will be essential that they supply complete, exact, and legible information such as first, second and third choice of hotels, rates desired, and specifically whether twin bedded room, double-bedded room or single room will be required. If those who can will double up it will be very helpful to the housing effort.

The date and hour of arrival in New York *must be stated*. Those arriving in the morning cannot expect their rooms to be available forthwith, for hotels are operating under difficult conditions. The hotels, however, have promised to do the best they can for every one of our members.

In listing your hotel reservations, it will be necessary



## These Men Are Already at Work on Plans for War Credit Congress in New York in May



**NASH ELDRIDGE**  
President, NYCMA  
Co-Chairman



**EARL N. FELIO**  
Vice-President NYCMA,  
Co-Chairman



**FRANCIS LANDAU**  
Housing Chairman



**RAYMOND HOUGH**  
Executive Manager,  
NYCMA

to set the date and hour of departure from New York. These being hectic days, every one coming any distance will want to decide this in advance, since they will have to secure their return home transportation considerably in advance of departure from New York.

### Advance Reservation Necessary

Do not come to New York without having a hotel reservation duly confirmed by the hotel management, since it is extremely doubtful if any hotel accommodations could be secured without advance arrangements.

Special application forms for room reservations will be included in Members Bulletin, January 15, 1945, going to members throughout the country. Requests for room reservations may be made after that date on these forms and placed with local secretaries of the Credit Men's Associations, who should send them direct to Chairman Landau. Convention registration fees covering both members and guests should accompany the application in order that the transaction may be handled at one and the same time in order to secure best results.

The Housing Committee will then assign such applications to the first choice of hotel named if possible or to the second or third choice in their order or lastly to the best space available, if so requested. The Hotel in turn, to which the reservation is assigned, *will acknowledge same direct to the person signing the application.*

The Housing Committee has one of the long and hard jobs of the convention and its members are desirous and anxious to serve the members by doing the ordinary thing in an extraordinary way—the best ever. They merit your every consideration.

From one-third to one-half of the member's time can be saved if each member will take the pains to carefully follow the "application" form (to be printed in January 15th Members Bulletin) and comply with its every request. The housing committee is sincerely

anxious to do a good job yet are entirely dependent on information supplied. If the Application Form is incomplete it will fail in its purpose and cause correspondence and consequently waste of time, money and energy. Your greatest cooperation in avoiding unnecessary correspondence will be a real contribution to the convention effort and will be deeply appreciated.

We are not unmindful of the fact that many who come to New York regularly have hotels of their own preference other than those we are using and will make their own reservations direct. This, of course, will be outside the functions of this Committee.

The Housing Committee is organized to serve the convenience of those who desire to attend the War Credit Congress and who file a specific request for each room reservation within the hotels selected and listed for the War Credit Congress.

In order to secure the results desired, convention registration fees for both members and guests should accompany request for hotel room reservation. The convention registration fee will be \$10; for wives accompanying their husbands, registration fee is \$7.50. Credentials will then be ready upon arrival, a convenience to members and a contribution to economy of time. In case of change of plans making it impossible to attend, refund will be made to member upon application. The registration fee has nothing to do with the Hotel bill—it is purely the War Credit Congress Registration fee.

No block reservations for rooms can be accepted, but where individuals desire to be housed in the same hotel, their wishes will be followed so far as possible. Delegates will please bear in mind that it is customary to give first choice of hotel location to officers, directors and national committee members.

All applications are to be sent to Francis R. Landau, Chairman of Housing Committee which has full and complete charge of all housing at our Fiftieth Credit Congress.

# NEWS ABOUT CREDIT MATTERS

A section devoted to  
Credit Association affairs

January, 1945

Copy deadline  
10th of Month

## New York CMA To Start Golden Anniversary Feb. 6

New York: The New York Credit Men's Association will begin its Golden Anniversary year with its annual banquet which is to be held at the Commodore Hotel on Feb. 6. An attractive and interesting program, highlighted by Captain Eddie Rickenbacker and Radio Commentator John B. Kennedy, has been arranged. A special feature of this Golden Anniversary banquet will be the presentation of Association founders and old-timers.

Members of the Legislative Committees of the New York State Associations gathered at Albany on Dec. 18 to discuss a coordinated program during the coming session of the New York State Legislature. The Legislative Committee of the New York Credit Men's Association, headed by Wm. F. Egelhofer, of the Henry Glass & Co., has arranged for an interlocking cooperation between the Legislative, Insurance and Tax Committees. The chairmen and co-chairmen of each of these committees will meet weekly to review the bills introduced and thus concentrate on legislative activity.

Paul E. Hunter, of Pacific Mills, Inc., has been elected president of Credit Men's Fraternity, Inc., succeeding Henry Meckauer, who after serving for several years as president of the Fraternity, asked to be relieved of the details of this work. Under a new plan adopted, the administrative work of the Fraternity will be handled by the staff of the New York Credit Men's Association who will operate under the direction of President Hunter.

The 475 Club will celebrate its 20th anniversary with a dinner on Jan. 25 at the Hotel Astor. This organization started in Room 475 at the Willard Hotel in Washington when the New York Association secured its second national convention in 1926. As a feature of this 20th anniversary dinner, each member will be presented with a bound volume portraying the club's history and showing pictures of different affairs held over the years by the organization.

The New York Association again reported a net gain of 45 members in December.

## Brown-Maybank Bills Die When 48th Congress Is Adjourned

### Charles A. Wells to Be Vice-President Of Pittsburgh Corp.

St. Joseph, Mo.: Charles A. Wells, past National President of the National Association of Credit Men, who was president of the John S. Brittain Dry Goods Company until that corporation was sold to the Ely Walker Company of St. Louis, will become a Vice-President of the Arbuthnot-Stephenson Dry Goods Company of Pittsburgh shortly after the first of January, 1945. When the sale of his company was made to the St. Louis corporation, Mr. Wells was given a choice with either the Ely Walker Company in St. Louis or with the Pittsburgh company which is also affiliated with the Ely Walker interests.

### President Simpson Tells of NACM Work at St. Louis Meet

St. Louis: President Robert L. Simpson was the principal speaker at the annual Christmas party and dinner dance held by the St. Louis Association of Credit Men at the Coronado Hotel on December 16th. President Simpson reviewed the activities of the National organization and presented a program for the balance of the Association year. He was introduced by Henry H. Heimann, Executive Manager-on-leave who was on his annual visit with his mother, sister and brother in St. Louis.

After the dinner program Santa Claus appeared in person and distributed a large number of gifts, and dancing followed until the early hours.

Detroit: S. B. Steers, Director Michigan State Board of Aviation, was the speaker at the December 12 meeting of the Detroit Association of Credit Men which was held in the cafe at the Detroit Edison Company Building because hotel facilities were not available during the holiday season.

### Attempt to Include Measure as a Rider on Farm Bill Is Balked— Further Vigilance Is Necessary.

By a vote of 45 to 24 the Senate voted down, on December 14, an attempt to attach the Maybank Bill as a rider on the Farm Crop Insurance Bill.

A companion measure called the Brown Bill had passed the House earlier in the session. This legislation was proposed as a way of legislating against Regulation Q of the Federal Reserve Board which prohibits member banks from absorbing collection charges for their smaller depositor banks by declaring that such an arrangement was in fact the payment of interest for deposits. The Brown-Maybank Bills sought to change the banking laws so that such collection charges could not be designated as interest payments as interpreted by the Federal Reserve Board.

This plan of attaching a Bill on which hearings had been held by a Senate committee, as a rider on another Bill of pressing importance is one of the parliamentary tricks sometimes resorted to by those who seek to push through their pet legislation. Member of the Senate Banking committee put up a strong opposition to the rider move and were able to have the Maybank measure detached from the farm crop measure by the vote mentioned above.

With the adverse vote the so-called Brown-Maybank Bills were killed as with the adjournment of the 48th Congress without final action it will be necessary for the proponents of this plan, to legalize the absorbing of collection charges by the larger banks for their correspondents, to again introduce it in the new Congress which convenes on January 20. While the Brown Bill was passed by the House early in the session that has just closed, many Representatives admitted later they did not understand the full purport of the measure.

If a new Bill is introduced in the new Congress, N.A.C.M. members will be no-



tilled promptly. In the meantime it would be well for every local Association, acting through its Legislative Committee to contact their Congressmen and Senators at once and let these Federal representatives know that credit men are opposed to any legislation which would tend to impair the regulation of the Federal Reserve Board which provides for payment of checks at par, by all member banks.

Several articles have appeared in Credit and Financial Management during the past year which explain fully the stand of the National Association of Credit Men against the Brown-Maybank Bills. The first of these appeared in the February issue, two were presented in the May number, the June number carried an important opinion against this legislation by Congressman Crawford and in the November issue a Colorado banker gave another complete discussion of "Why Banks Should Pay Checks at Par."

In several states plans are underway to push state bill that would require the payment all checks drawn on banks within those states to be paid at par. Such a law was passed in Iowa largely through the efforts of the credit men of the state. This piece of legislation has worked out in such a satisfactory manner that it is hoped eventually to obtain similar legislation in every state.

## Harry Delaney Is Honor Guest at New Jersey Dinner

Newark: Harry J. Delaney, vice president of Meinhard, Greef & Co., Inc., New York, and a member of the National Board of Directors of the National Association of Credit Men, was guest of honor at the December 19 meeting of the New Jersey Association of Credit Men, held in the Robert Treat ballroom. Charles P. Gulick, chairman of the Board of the National Oil Products Company, Harrison, N. J., and chairman of the North Jersey District of the Committee for Economic Development, was the main speaker at the dinner meeting. His subject was "After the War—What?" The annual Christmas party of the New Jersey Association followed the dinner meeting at nine o'clock. This was sponsored by the New Jersey Credit Women's Club. There was dancing until after midnight; also a Monte Carlo party at which prizes were distributed by a number of association members.

## N.I.C. Alumni to Hold Dinner on January 16

New York: The National Institute of Credit, Alumni Association, will hold a dinner meeting at the Hotel Martinique at 6 P. M. on Jan. 16. A representative of the Secret Service, U. S. Treasury Department, who has wide experience in this field, is to be guest speaker. Harold Christie of Cannon Mills, president of the Alumni Association, will preside.

## Paul M. Millians Is Named Vice-President of Commercial Credit



Paul M. Millians of the Executive Department of the American Credit Indemnity Company of New York since 1938 has been elected Vice-President of the Commercial Credit Corporation of Baltimore, Md., in which capacity he will devote his full time to the research and marketing activities of Commercial Credit in the fields of industrial and consumer finance.

Mr. Millians has for years been active in finance. In World War I he was Disbursing Officer for the American Army in Paris, returning in 1920 to supervise credits and finance of a large manufacturing company until 1934, when he was appointed Director of the Budget of the United States Shipping Board.

He is a past director and Vice-President of the National Association of Credit Men. His efforts have also been directed into the fields of accounting, cost engineering and marketing, furthering the work of the National Association of Cost Accountants and the American Marketing Society.

Mr. Millians is a member of the American Management Association, the Academy of Political Science and the American Council on Public Relations.

## Wheeling Mourns A. C. Kennen

Wheeling: Members of the Wheeling Association were grieved to learn of the death of A. C. Kennen, treasurer of the Wheeling Machine Products Co., on December 16. He was connected with his company for the past twenty-five years and was well known in the steel and plumbing trade. He served as a director of the Wheeling Association for many years and was president in 1940-41.

## Foreign Traders at Chicago A.C.M. Told of Rye Conference

Chicago: Carl M. Wynne, managing director of Overseas, Inc., Chicago, and president of the Export Managers Club of Chicago, was the guest speaker at the regular monthly luncheon of the Foreign Trade Division of The Chicago Association of Credit Men at the Union League Club, Tuesday noon, Nov. 21. He had just returned from the International Business Conference at Rye, N. Y., and gave an outline of what was accomplished there.

Mr. Wynne declared that sound currencies are a prerequisite to foreign trade and that international currencies must be stabilized. He said that the Bretton Woods Plan would be adopted by the coming Congress and that the adoption of such a plan would make currency speculation unprofitable. He advocated giving more than 120 days' credit to foreign buyers of consumer goods but long time credits to purchasers of capital goods.

## Herbert Spaulding Is Named President at Chattanooga

Chattanooga: The Chattanooga Association of Credit Men's December dinner meeting was the annual Christmas party, ladies' night and the election of officers and directors. The Christmas party was in charge of Mr. E. R. Cullis, of the Electric Power Board of Chattanooga, and the entertainment consisted of a program of songs and dances. The ladies' attendance prize was a twelve-pound turkey, and the men's attendance prize was a box of ties.

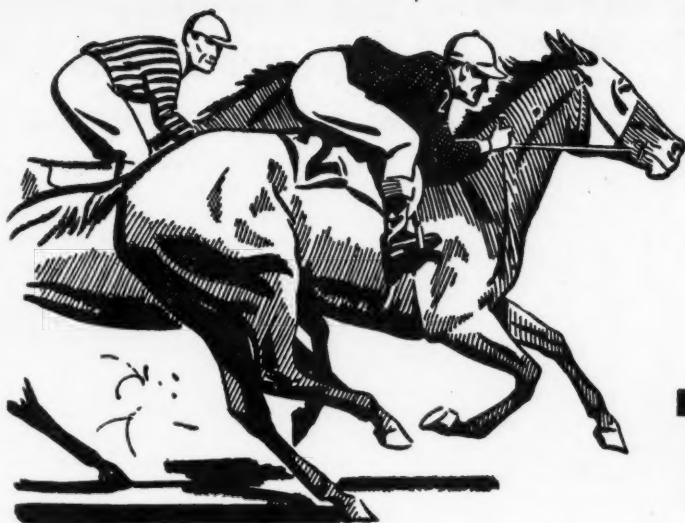
Dr. David A. Lockmiller, president of the University of Chattanooga, was the principal speaker.

The following officers were elected for 1945: Herbert Spaulding, Hamilton National Bank, President; C. V. McPhail, Peerless Woolen Mills, 1st vice president; W. T. Hutson, Gilman Paint & Varnish Co., 2nd vice-president; G. Royal Neese, secretary-treasurer, Adjustment Bureau.

## W. C. King Is New Utica President

Utica: Wesley C. King, Utica Mutual Insurance Company, has been chosen president of the Utica Association to fill the unexpired term of Lawrence Malchow who passed away early in November. Mr. Malchow, who was connected with the Oneida Bank and Trust Company was an ardent supporter of the Utica Association for a number of years. While his untimely death is mourned by the credit executives in the Utica and upstate New York area, members of the Association have pledged Mr. King full support for his administration.





# TIMING

## makes Winners

**T**HE wise jockey knows *when* to keep his mount “under wraps” —*when* to use the whip—*when* to make a break for the rail. That’s “timing.”

By “timing,” the alert Credit Department can create and maintain confidence and good will—can contribute to the “life” of a customer by helping him keep his business in good financial health—his inventories in line with his needs—his own credit record clean. For “timing” is knowing *when* help is needed—*knowing it soon enough*. That is often the difference between a “live” customer and a “dead” bad debt.

See to it that *all* of your customers are registered with your Credit Interchange Bureau. Look to Credit Interchange Automatic Revision and Signal Service to give you the information needed in “timing” your customers. Then you can be certain that your “timing” is right.

*For Complete Details —*

no obligation — contact the Credit Interchange Bureau in your area — or write

“For Service Only”



Offices in more than 50 principal cities.

**Credit Interchange Bureaus**  
**NATIONAL ASSOCIATION of CREDIT MEN**  
**1154 Paul Brown Building ST. LOUIS 1, MO.**

## Paper Packagers Form Credit Conference at Chicago December 14

Chicago: Representatives of paper packaging companies located in various parts of the country met at the Stevens Hotel, Chicago, Thursday, Dec. 14, and organized the National Paper Packaging Credit Conference to deal with credit problems in that industry. The meeting was sponsored by The Chicago Association of Credit Men's Service Corporation and James S. Cox, Acting Secretary-Manager of The Chicago Association of Credit Men, presided at the opening session.

Preliminary organization was perfected with the election of E. Wylie, Chicago, Container Corporation of America, Chairman. Both morning and afternoon sessions were devoted to a general discussion of the credit problems affecting the entire field of operations of the customers of the companies engaged in the paper packaging business. Postwar problems especially were considered.

At the noon luncheon, Harold F. Hess, Public Relations Director of The Chicago Association of Credit Men, spoke on the subject, "The Missing Link in Postwar Planning," emphasizing the need of the credit executive taking a prominent part in his company's plans for reconversion as well as in their postwar planning. He declared that the credit executive is as essential in the development of his company's plans as any other executive and that this should be recognized by those in charge of the business.

The next conference will be held in Chicago Thursday, Feb. 15. An executive committee was chosen to prepare a program for the meeting and also to lay plans for the further development of the conference. Those selected were: Emmett Below, The Menasha Products Company, Division of the Marathon Corporation, Menasha, Wis., Chairman; E. Wylie, Container Corporation of America, Chicago; Clarence D. Pratt, Sutherland Paper Company, Kalamazoo, Mich.; Max W. Mallin, Milprint, Inc., Milwaukee, and F. C. Heath, Sealright, Inc., Fulton, N. Y.

## David A. Weir to Speak at Annual Dinner in Boston

Boston: The annual meeting of the Boston Credit Men's Association will be held on January 9 at the Gardner Hotel. David A. Weir, secretary and assistant executive manager of the National Association of Credit Men, will be the speaker. At this meeting also a plan will be discussed for a continuation of the membership activity in the Boston Association.

## Chicago "C" Men Mourn Death of H. B. Ashton

Chicago: Henry B. Ashton, a former president of The Chicago Association of Credit Men and connected with Carson Pirie Scott & Co., wholesale, for more than 40 years, passed away at the Billings Memorial Hospital in Chicago, Thursday, Dec. 7. Mr. Ashton joined the wholesale firm in 1900 and was general credit manager until his retirement a few years ago. He was elected to the Board of Directors of the Chicago Association in 1928 and served two years. He was then chosen first vice-president and the next year was elected president. Mr. Ashton was well known in national credit circles having attended many national conventions. He is survived by a widow, three sisters and a brother.

## Lexington "C" Men at Christmas Party

Lexington: Lexington Credit Men's Association held its annual Christmas dinner party on December 12, 1944, at the Phoenix Hotel here. The Fireside Room was crowded with 87 members and guests which included Sam J. Schneider, secretary-manager, and J. K. Scoggan, treasurer of the Louisville Credit Men's Association, and some of the members of their staff. President I. B. Jones of the Lexington Association presided and introduced those at the speakers' table. Mr. Schneider congratulated the entertainment committee on the large attendance which he said showed hard work and organization. Toast Master Korb then announced the committee had secured at great expense the service of Colonel Johnny Mueller and his helpers to put on a bingo game for which a number of prizes, among which were several baskets of fruit donated by members. Mrs. Katherine F. Adcock, vice-president of the association, was chairman of the entertainment committee.

## Motor Freight Carriers' Credit Group Formed by Chicago Association

Chicago: More than 30 industries are represented in the various credit groups of The Chicago Association of Credit Men and the latest to organize are the credit executives of those concerns in the Chicago area selling to motor freight carriers to be known as the Motor Freight Carriers Credit Group. D. W. Youngers, Standard Oil Company of Indiana, is chairman of the group, and Harry Butcher, Cities Service Company, is Vice-Chairman. The first meeting of the group was held Tuesday evening, Dec. 12. It was a dinner meeting at the Merchants and Manufacturers Club in the Merchandise Mart.

## Rock River Valley Credit Men are Told of Export Opportunities

Rockford, Ill.: Ralph A. Colorado, director of the Foreign Department of the Hitchcock Publishing Company of Chicago, spoke before the Rock River Valley Division of The Chicago Association of Credit Men, at a dinner meeting at the Hotel Nelson in Rockford, Wednesday evening, Dec. 6, on the subject, "Postwar Foreign Trade Possibilities with Latin America." Mr. Colorado is a native of Porto Rico and has lived in most countries in Latin America. He was also attached to the United States Embassy in Madrid, Spain, during the first World War. The speaker gave a very interesting review of postwar foreign trade possibilities with particular emphasis on large exports from the United States in order to maintain high employment.

### Positions Wanted

**CREDIT MAN AVAILABLE.** University graduate; 34 years of age, with twelve years' credit experience with several nationally known firms, desires credit responsibility with manufacturer located in medium-size community in middle west or northeastern state. Married, and one child. Minimum salary of \$325.00 per month. Write credit and Financial Management, Box 1-A.

**CREDIT EXECUTIVE.** Age 46. Former assistant credit manager of one of the largest banks, now engaged as negotiator of terminated war contracts, seeks postwar opportunity with bank or industrial enterprise. Write Credit and Financial Management, Box 1-B.

**CREDIT MAN.** Over sixteen years' experience in Credit, Collections, Liquidations. Age 41. Married. Now employed by nationally known firm. Desires connection with Middle Western Manufacturer in medium sized community. Prefers furniture or allied lines. Minimum salary \$300.00 per month. Excellent references. Write Credit and Financial Management, Box 1-C.

**CONTROLLER-ACCOUNTANT.** N.Y.U. Degree B.C.S. 20 years' experience. Far visioned, shrewd, personable, keen merchandiser. All phases internal control, taxes, O.P.A. credits, collections, personnel. Experienced imports, exports, office manager, used to responsibility, good correspondent. Seeks postwar opportunity. Write Credit and Financial Management, Box 1-D.

**CREDIT MANAGER.** Eighteen years' diversified retail and wholesale credit and collection experience. Seven years in present position. Graduate N.Y.U. School of Commerce. Age 45. Married. Write Credit and Financial Management, Box 1-E.

**CREDIT EXECUTIVE.** Age 49. Nationwide experience. Twelve years with last firm. Now available for connection as Credit Manager or responsible position in administrative office. Can handle, train and supervise a large personnel. Further details as to background available. Have traveled the entire United States. Write Credit and Financial Management, Box 1-G.

### Positions Open

**WANTED: CREDIT AND COLLECTION SUPERVISOR.** experience in recording filing requirements of installment conditional sales contracts nationally preferred; permanent position, 40 year firm; good future prospects. Write fully first letter. Address Credit and Financial Management, Box 1-F.

## 41st Credit Women's Club is Organized In Amarillo, Texas

The forty-first Credit Women's Group has been organized. Through the efforts of Mrs. L. McGavern, of the Tri-State Association of Credit Men, and Miss Lelia Rawalt, of the Merchants Biscuit Company, Denver, Colo., the forty-first Credit Women's Club has been organized in Amarillo, Texas. Miss Virginia Wisdom of E. S. Cowie Electric Company was elected president, and Miss Helen Hutcheon of Glazier's Wholesale Drug Company, vice-president.

Cleveland: The Cleveland Credit Women held their Christmas Party December 19, at the College Club. Table decorations and recorded Christmas music gave a holiday air to the dinner. Following dinner there was much merriment in singing of carols, led by Josephine Chamberlain and Elsie Daly. Miss Daly also gave two readings. Then there were games planned by Helen Ruess and the exchanging of inexpensive gifts. Mrs. Florence Flickinger was surprised with a gift from the girls of the club of an exquisite gold bracelet, as a token of thanks for serving the club as its secretary since it was organized ten years ago. Mrs. Flickinger gave up her work in the Cleveland Association office last year and now finds it necessary to give up the work of secretary of the Credit Women's group also, because of her health. All her friends hope the well earned rest will soon have her feeling tip top again.

San Francisco: The Christmas meeting of the Credit Women's Club of Northern and Central California was held at Simpson's restaurant on Wednesday evening, December 20, 1944. After a most delectable dinner, there was a short business meeting and the rest of the evening was spent in playing games and community singing Christmas packages were donated by all members for wounded boys in the bay area hospitals. The members themselves had great fun in opening their "White Elephant" packages which were distributed by Santa Idelle McDaniel.

St. Paul: On Thursday evening, December 21, the St. Paul Credit Women held their last 1944 dinner meeting, which in fact, turned out to be a jolly Christmas Party, with 34 members and guests attending. Guests of honor were T. E. Reynolds, St. Paul Association secretary, with Mrs. Reynolds, Florence Armstrong, president of the Minneapolis Credit Women's Club, and Blanche Scanlon of Minneapolis, vice-chairman of the National Credit Women's Executive Committee. Miss Ruth Anne Shimota of St. Paul, talented St. Catherine's College student gave several impressive Christmas readings; Carols were sung by all to the accompaniment of Mrs. Myrtle

Simones, pianist, and Mr. E. C. Muggenburg, vice-president Fisher Nut and Chocolate Co., St. Paul, acting for Santa Claus, presented every one with a gift, together with a copy of our 1944 "Credittes," St. Paul's new publication. For their January meeting, the St. Paul Women's Club will be guest of the Minneapolis Club, at Minneapolis.

Toledo: The Credit Women's Club of Toledo held its annual Christmas party Tuesday night, December 5, at the Woman's Building. Christmas carols were sung after dinner, and Mrs. John N. Klein gave several readings. Gifts were exchanged, and a game of cards completed the evening. The Club prepared Christmas packages for the Little Sisters of the Poor as part of its holiday program.

Denver: The annual Christmas party of the Denver Credit Women's Club was held December 18 at the Colburn Hotel. A six-thirty o'clock dinner was followed by a Christmas program, gift exchange and bridge. Miss Mary Elliott, program chairman of the club, was in charge of the arrangements.

Seattle: The Seattle Credit Women's Club held its annual Christmas dinner December 11 at the Washington Athletic Club. Guests were the wives of the officers and trustees of the Seattle Credit Men's Association. Surprise gift for every one. Miss Marion Thomson spoke on "Significance of Christmas Greens." Soloist was Charles Stay.

Milwaukee: The Credit Women's Club of the Milwaukee Association of Credit Men was the guest of Sophia Baumgartel, Phil Orth Company, president of the group, at her home on December 16 for the annual Christmas party. A feature of the party was the collection of contributions to the U.S.O. made by individual members of the group.

Binghamton: The Triple Cities Credit Women's Club held a Christmas party at the Badger Tea Room on December 13. One of the features of the party was the grab bag of Christmas gifts and the distribution of a war bond in the drawing.

Memphis: The Credit Women's Club of the Memphis Association of Credit Men entertained their bosses on November 21. Miss Rita Robinson, Mid South Oil Company, president of the Women's Club, presided. Addresses were made by E. D. Moseley, Pidgeon-Thomas Iron Company, Lester C. Scott, E. L. Bruce Company, and E. C. Correll, secretary of the Memphis Association.

### News of the Zebras

Los Angeles: The Los Angeles Herd of Zebras, Number 1, entertained their

wives at a dinner-dance at the Riviera Club. On December 8 the Los Angeles Zebras also gathered for a stag party at the Cabrillo Hotel. The advance announcement of this meeting said that it would provide "A social hour, feed bag, a little business, and supercolossal entertainment."

New Orleans: G. E. Brister, American Sugar Refining Company, has been named Exalted Superzeb of the New Orleans Herd, Royal Order of Zebras. At a recent meeting of the New Orleans Herd, four mules were initiated, and it is expected that some time during January another initiation date will be set.

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## **NACM Membership Passes 21,000 Mark; Drive to Continue**

On the day after Christmas the membership of the National Association of Credit Men passed the 21,000 mark. After accounting for the new members and the few resignations as received in the first mail on December 26 the total stood at the very interesting figure of 21,033. This total represented a total net gain since the start of the association year on April 1 of 1,331. On December 5 the gain for the year had been announced as 1,207, so the gain for 21 days was 124. With several days remaining before New Year's day, this net gain figure may be boosted considerably as some of the association report their gains at the close of the month.

This net gain of 1,331 should be figured against the figure of 683, which was the net gain shown on December 26, 1943. These figures show that the 1944 gain is within 35 of being just double of that of the previous year for a corresponding period. At the time of the annual meeting of the National Board of Directors in Denver last September a goal of 2,500 net gain in membership was set. From the figures mentioned above it will be seen that 1,269 more members must be obtained by April 30—the close of the association year. However, with the momentum now found in membership campaigns in a large number of associations and with four full months to go, it now seems possible that the Board's goal may be reached.

Various associations have their own well worked out methods for getting new members in full swing at this time. New York City for example has been working on an industry basis and has reported a net gain on the first of December of 286 since May 1. The objective of the New Yorkers is to enroll an average of 50 new members each month for the present association year.

The Seattle Association is proud of the fact that Seattle stands in first place in Class A as of December 1. The Seattle Association was only promoted to the Class A Division six months ago, and the membership committee is hard at work to fulfill a new quota of sixty new members by the end of April, 1945.

### **E. A. Rose Dies in Wheeling**

Wheeling: The death of E. A. Rose on December 3 came as a shock to many members of the Wheeling Association of Credit Men. "Mike" Rose served as a director of the Wheeling Association for many years and was president in 1928 and 1929. He was elected a member of the Credit Interchange Board of Governors in 1942 and has been active in the Wheeling credit circles since the local association was organized.

## **Legislators Asked to Kansas City's Association Dinner**

Kansas City: A large number of the members of the Kansas City Association of Credit Men turned out for the December 20 dinner meeting of this association which was sponsored by Credit Women's Club. One of the features of this meeting was the attendance of several members of the Missouri Legislature; also, representatives in Congress who were invited in order to hear of the interest of credit men in legislative activity.

## **Frank B. Rile Speaks at Christmas Party of Seattle "C" Men**

Seattle: Frank B. Rile of Portland who has been called the "Ambassador of the Pacific Northwest" was the featured speaker at the December 18 Christmas membership meeting of the Seattle Association of Credit Men. Mr. Rile's subject was "Credit Within Reason." Mr. Rile who is known throughout the Pacific Coast area for his broadcasts in which he extolled the charms and wonders of Washington, Oregon and Idaho gave a very instructive talk.

The Association Collectors, Inc., were hosts to the members at a social hour starting at 5:45 before the dinner meeting.

## **Minneapolis to Join Sales Managers for January 18th Dinner**

Minneapolis: The Minneapolis Association of Credit Men will hold a joint meeting with the Sales Managers Club on Thursday, January 18. This is one of the important cooperative meetings of the year.

It has been announced that the next meeting of the Minnesota-Dakota Conference will be held in the spring. The date has not yet been selected, but a time will be chosen so that the Councillors of the various Associations may decide on their selection for the National Nominations Committee and also far enough away from the annual Credit Conference so as not to conflict.

## **Wheeling Announces First of Dinner Series**

Wheeling: The Wheeling Association of Credit Men has announced a schedule of monthly meetings starting with the third week in January when John W. Kossin, vice president of the Federal

## **Director Ronnau Talks at Detroit on Paint Industry**

Detroit: Edward N. Ronnau, Assistant Vice-President of Cook Paint & Varnish Company, Kansas City, Missouri, and National Director N.A.C.M., addressed the members of the Detroit Paint, Varnish & Lacquer Association here on "The Credit Situation in the Paint Industry."

Besides a number of out-of-town guests, there were also present, 14 Credit Executives from local paint companies. L. E. Phelan, a member of the local paint club for over twenty-five years and Secretary of the Detroit Association of Credit Men introduced the speaker and expressed his appreciation for the splendid cooperation that exists between the Credit Executives of the local Paint Industry.

Mr. Ronnau covered very thoroughly the unusual problems that would face the industry after peace is declared. He urged the financial men of the industry to give serious consideration to them and expressed confidence that the progressive credit men within the industry would meet these problems if accorded proper study and cooperation as they arose.

National Director, Harry J. Offer of The Detroit Edison Company was one of the guests of honor. Frederick G. Weed, vice-president, Director of Research, of Rinsheed Mason Co. and president of the Detroit Paint, Varnish & Lacquer Association presided at the meeting which was held at the Lee-Plaza Hotel. President Weed announced that Ernest T. Trigg, president of the National Paint, Varnish & Lacquer Association would be the Paint Club's speaker at their next meeting on January 11, 1945.

## **Paul M. Millians Speaks To Minneapolis Women**

Minneapolis: Paul Millians, Vice President of Commercial Credit Corporation, Baltimore, Md., will speak at the meeting of the Minneapolis WCWC on January 9. The Credit Women of St. Paul, Minn., will be guests, also the officers and directors of the Minneapolis Assoc. of Credit Men.

Mrs. Herma McHale, co-chairman, announced that the white elephant auction held in conjunction with the Club's annual Christmas party had been very successful financially. Moreover, for the 63 members and guests who participated it was very enjoyable entertainment. Agnes Christianson, Flour City Brush Co., was the auctioneer.

Reserve Bank of Cleveland and executive officer in charge of the Pittsburgh branch will speak on the G.I. Bill of Rights. This will be a joint meeting with the American Institute of Banking.

Drug and Allied Lines  
Hold Credit Conference  
in Chicago Nov. 17th

Chicago: From point of attendance and interest shown, the eleventh annual credit conference of the Midwest Drug and Allied Lines at the Drake Hotel, Chicago, Nov. 17, sponsored by The Chicago Association of Credit Men's Service Corporation, was one of the best in the history of the event. Harry E. Silverstone, Galler Drug Company, Chicago, Chairman of the Drug and Chemicals Credit Group of The Chicago Association of Credit Men, welcomed the delegates and guests and Miss Catherine M. Winterstein, Wyeth, Vice-Chairman of the Drug and Chemicals Group, presided at the morning session.

Samuel Shkolnik, attorney for the Illinois Pharmaceutical Association, spoke on "Are We Heading Toward Socialized Pharmacy?" Allen Selby, Chicago Daily News, Inc., discussed "Today's Visions—Tomorrow's Realities," and H. W. Adkins, Executive Vice-President in Charge of Sales of Yahr-Lange, Inc., Milwaukee, gave a very interesting talk on "How Can the Wholesaler Aid in Coming Retail Problems?"

Ira Fash, Allen B. Wrisley Distributing Company, Chicago, presided at the noon luncheon. C. L. Holman, Wilson Brothers, Chicago, President of The Chicago Association of Credit Men, gave the Association welcome and Alexander Eulenberg, David Himmelblau & Co., Chicago, spoke on "Postwar Taxation and Business Problems."

The afternoon session was devoted to a round table conference and H. W. Milette, Detroit, Frederick Stearns &

Co., Division Sterling Drug Co., Inc., presided.

The committee in charge of the arrangements was: W. C. Lyman, G. D. Searle & Co., Chairman; E. H. Erffmeyer, The Norwich Pharmacal Company; H. W. Milette, Frederick Stearns & Co., Division of the Sterling Drug Company, Inc.; R. L. Plummer, Abbott Laboratories, and Miss C. M. Winterstein, Wyeth, Inc.

Sales Manager to Tell  
of Credit Opportunity  
at Chicago Forum

That the credit executive holds a top-notch key position in the operation of any business will be stressed by H. W. Adkins, Executive Vice-President in Charge of Sales of Yahr-Lange, Inc., of Milwaukee, in an address scheduled for the January Forum of The Chicago Association of Credit Men, Wednesday evening, Jan. 10, in the Century Room of the La Salle Hotel. Yahr-Lange, Inc., is one of the leading wholesale drug houses of the country and Mr. Adkins takes not only an active part in sales organizations but is also active in credit executive circles believing that these two factors are inseparably linked in the promotion of any business enterprise.

The subject of Mr. Adkins' address was "Tomorrow!" and was delivered in a forceful and interesting manner. The points brought out were illustrated with charts, giving an effective visual review of what may be expected in business in the postwar period. Mr. Adkins is very active also in Wisconsin and neighboring states in the work of the Committee for Economic Development.

Gets Verdict Against  
Collection Agency on  
Excess Fee Charged

A verdict in a U. S. District Court in Louisville against a collection agency on alleged excess collection fees is of interest to all credit executives. In this case a Southern firm sent a note to a collection agency for collection. The full amount of the note with interest was paid to the collection agency by the debtor. The agency made claim for a 50% fee for making the collection. The Southern firm denied any agreement for more than the usual 15% on the first \$2,000 collected and 10% on all above that figure. When the agency refused to remit on that basis the Southern firm brought suit in Federal court and obtained a judgment for the full amount collected less the 15% and 10% charges plus interest.

This case should be a reminder to all credit executives that they have a definite understanding as to the charges to be made on collections when sent to collection agencies. Reports from other sections would indicate that many collection agencies make a practice of avoiding a definite understanding with their clients until after collections have been made and then making the charges as they see fit.

If your Association does not have a Collection Bureau, your local secretary will gladly tell you of a Bureau that will handle your special collection cases. In any event credit men should investigate the reliability of collection agencies as carefully as they investigate the credit standing of new accounts.

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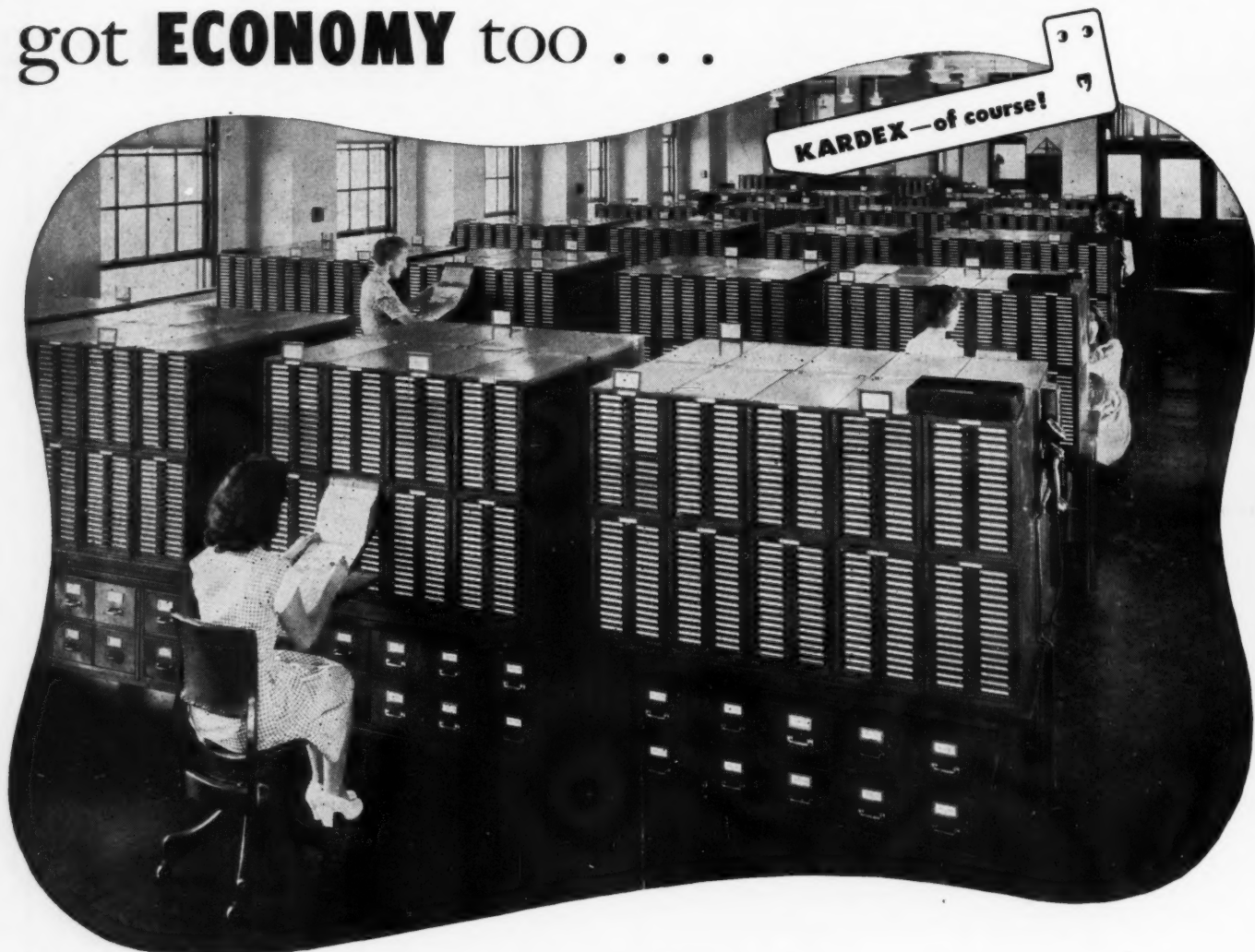
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